

ANNUAL REPORT 2019

FALLS CREEK ALPINE RESORT MANAGEMENT BOARD



Falls Creek Resort Management
 ABN 21 789 770 569
 1 Slalom Street, Falls Creek VIC 3699
 PO Box 50, Falls Creek VIC 3699

Telephone 03 5758 1200
 fcrm@fallscreek.com.au
 www.fallscreek.com.au



February 2020

The Hon. Lily D'Ambrosio MP
 Minister for Energy, Environment and Climate Change
 Level 16, 8 Nicholson Street
 East Melbourne, Vic, 3002

Dear Minister D'Ambrosio,

Re: Falls Creek Alpine Resort Management Board Annual Report 2019

We have pleasure in submitting to you for presentation to Parliament, the Annual Report of the Falls Creek Alpine Management Board, covering the period, 1st January 2019 to 31st December 2019.

In accordance with the *Financial Management Act 1994*, the Annual Report contains the Report of Operations and Statutory Financial Statements for the Board for the reporting period.

We extend our appreciation for the support provided by the Victorian Government and the assistance provided by the Department of Environment, Land, Water and Planning throughout the year.

We look forward to welcoming you to Falls Creek in the near future to share our vision for the resort and our continued evolution into an all seasons alpine experience.

Yours sincerely,

Jo Shannon
 Chair

Stuart Smythe
 CEO

CONTENTS

REPORT OF OPERATIONS

Letter to the Minister	2
Chair's Report	4
CEO's Report	6
Resort Profile	8
Vision, Mission and Principles	10
Year at a Glance	12
Enhancing the Visitor Experience and Building Partnerships	14
Developing the Resort and Broadening Access Opportunities	18
Delivering Resort Services and Infrastructure	22
Respecting the Alpine Environment	26
Key Metrics	28
Organisational Structure	30
Board Profile	32
Board Committees	34
OH&S and Human Resources	36
Compliance Items	40
Attestation	45
Disclosure Index	92

FINANCIAL STATEMENTS

How the 2019 Financial Statements are Structured	46
Declaration and Auditor's Report	
Declaration by the Board Chair and Accountable Officers	47
Independent Auditor's Report	48
Financial Statements	
Comprehensive Operating Statement	50
Balance Sheet	51
Cash Flow Statement	52
Statement of Changes in Equity	53
Notes to the Financial Statements	
1. About this Report	54
The basis on which the financial statements have been prepared and compliance with reporting regulations	
2. Funding Delivery of Our Services	55
Revenue recognised from taxes, grants, sales of goods and services and other sources	
3. The Cost of Delivering Services	57
Operating expenses of FCRM	
4. Key Assets Available to Support Service Delivery	63
Infrastructure and other assets utilised in fulfilling objectives	
5. Other Assets and Liabilities	66
Working capital balances, and other key assets and liabilities	
6. How We Financed Our Operations	70
Borrowings, cash flow information, leases and assets pledged as security	
7. Risks, Contingencies and Valuation Judgements	75
Financial risk management, contingent assets and liabilities as well as fair value determination	
8. Other Disclosures	84

CHAIR'S REPORT



Welcome to the Falls Creek Alpine Resort Management Board (FCARMB) Annual Report for 2019.

Over the course of 2019, the primary focus of the Board has been working on a myriad of key industry matters designed to provide better outcomes for the Falls Creek and broader Victorian community.

The Minister for Energy, Environment and Climate Change, the Hon. Lily D'Ambrosio MP, has provided direction on priority projects for the Board which are: 1) The Alpine Resorts Strategic Plan; 2) Climate Change Adaptation; 3) The Business Services and Systems Review; 4) Stakeholder Engagement; and 5) Stronger Relationships with Government.

The Alpine Resorts Strategic Plan was a year-long program of workshops and stakeholder meetings to establish priorities from the industry's perspective, then integrated with key government priorities. The program was extensive and well executed by the Alpine Resorts Co-ordinating Council (ARCC) with significant contributions from each Alpine Resort Management Board and key stakeholders. It was extremely pleasing to see strong representation by the broader Falls Creek business community, incorporating a variety of business interests across the Alpine region, along with the active and growing resident community.

The Board's climate change adaptation agenda has been to prioritise the diversification of the resort's economic base and continue to expand Falls Creek's all season offering. In addition, the resort Environmental Management Plan specifically addresses emissions reductions, energy efficiency and renewable energy usage. As a foundation partner of the Victorian Government's Take2 pledge together with adopting the Victorian Government's Climate Act 2017 legislative aim of net zero greenhouse emissions by 2050, the resort's interim targets will be identified over the course of 2020 and incorporate the components identified in the Alpine Resorts Strategic Plan. Meanwhile, the Board will adopt the Victorian targets for its own operations and encourage and facilitate emission reductions across the resort.

Following the finalisation of the Alpine Resorts Business Services and Systems review, work has begun on the recommendations and feedback provided to the resorts. Collaboration identifying areas of improvement have seen numerous working groups established and the significant sharing of knowledge in areas relating to asset management, the Alpine Resorts Leasing Policy review, services benchmarking, joint industry marketing programs, as well as financial and service planning. More work will be undertaken in 2020 to further seek opportunities for increased shared services initiatives.



Since the appointment of the new Board in March 2018, it has been pleasing to see stakeholder response to the Board's invitation for increased engagement. Stakeholders have taken the opportunity to engage more directly with the Board, through attending dedicated sessions in our Board meetings, as well as community briefings and workshops and contributions to our policy review process. Furthermore, building from this positive change, an industry wide Alpine Resort Stakeholder Engagement Policy was developed over the course of 2019 and adopted by the Alpine resorts. The aim of the policy being the enabling of stakeholders to actively and genuinely engage in decisions that affect them, resulting in stronger and more constructive relationships, shared knowledge and better outcomes.

Our work with the Victorian Government has been extensive over the last year, aided by a considerable number of opportunities to engage with key departments on a breadth of topics and industry matters. Much of that work will be ongoing as the initiatives developed are implemented in the years to come.

I would like to thank and acknowledge the contribution of our employees, Stuart Smythe, our CEO, and the entire Falls Creek Resort Management team, who have worked very hard over the year to deliver on the targets and initiatives set out in our Corporate Plan.

I also extend my gratitude to my fellow Board members for their leadership and acknowledge the significant contributions they have made throughout the year.

I thank the Victorian Government for its support during the year and to the guidance and direction received from the Department of Environment, Land, Water and Planning (DELWP). I also wish to thank the ARCC team under the guidance of the Chair, Ms Arianne Rose.

I would like to recognise the contribution and passion of our Falls Creek community, who contribute to making Falls Creek a great place to live, work and play. This community includes our local residents, skiers, business operators, employees, walkers, mountain bike riders, Falls Creek Ski Lifts, Falls Creek Alpine Association, ski clubs, property owners, the Alpine Shire, Tourism North East, our Traditional Owners, and those with a connection to Falls Creek.

Further congratulations to the whole Falls Creek community for our resort's continued recognition as a Major Tourist Attraction by winning Silver at this year's 2019 RACV Victorian Tourism Awards.

On behalf of the Board, I thank you for making everything you do for Falls Creek, making it a community that we can all connect with and be part of.

JO SHANNON | BOARD CHAIR

CEO'S REPORT



2019 has been another big year for the resort, best characterised as one of consolidation and consultation.

The alpine industry is as diverse as it is similar. Each resort, in their role as land manager is also tasked with delivering a myriad of services and undertaking certain roles and functions, each with a complexity that differs considerably across jurisdiction and across each resort and their unique user groups.

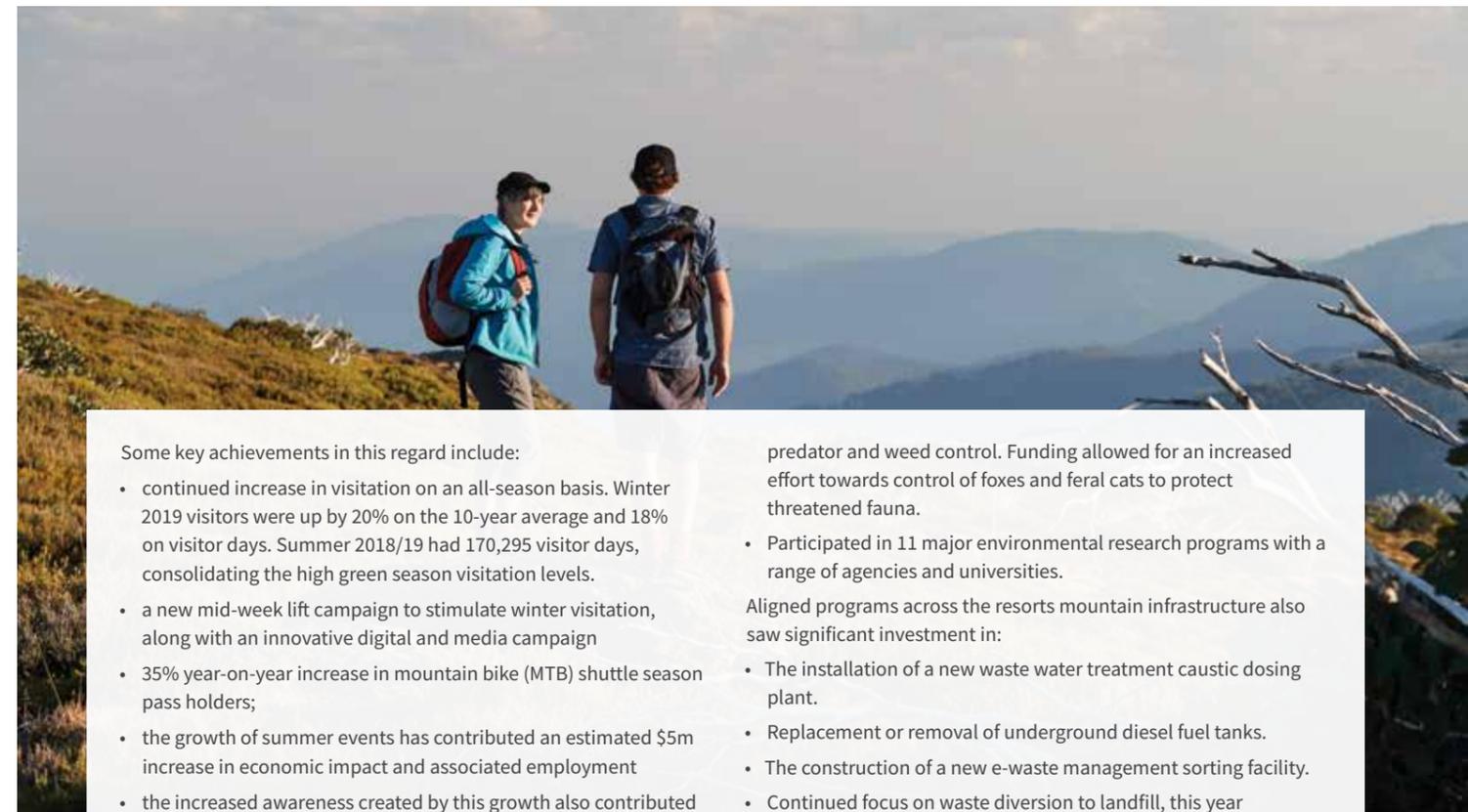
This was particularly evident during 2019 with an extensive review of the resort management board business systems and services having been undertaken and with key findings presented to the Boards for consideration. Heading into 2020, further collaboration and engagement by the Boards will begin to better understand the opportunities which may exist to streamline services and outcomes for our users. This will build on the work and process improvements already underway at Falls Creek. In the areas of asset management and financial systems, Falls Creek is well progressed on future proofing systems and understanding how better to manage the resort's assets for the benefit of generations to come. These initiatives are beginning to translate into the improved financial

performance of the organisation and the identification and prioritisation of key asset renewal programs to ensure the resort remains contemporary. Steering groups in asset management, leasing and land management, together with financial systems have begun to collectively share knowledge across the industry.

The task of ensuring that the extensive array of stakeholders were consulted was organised by the ARCC, with two key aims: the first, in relation to the framework and insights that would underwrite the new Alpine Resorts Strategic Plan for the next five years, and the second, a program that undertook to establish a framework and policy for the resorts to consult with stakeholders. Falls Creek stakeholders were well represented in their engagement and on the presentation of the challenges and opportunities available to the industry and the resorts as we move into the next phase of evolution for the alpine industry. The input and feedback to the Falls Creek Alpine Resort Management Board, together with the consultants tasked with delivering the outcomes, is very much appreciated. We look forward to working with you all as we grow into the opportunities and no doubt tackle the challenges that will present in the future.

One of the biggest changes to occur in 2019 was the purchase of the lift company, Falls Creek Ski Lifts (via Australian Alpine Enterprises Holdings Pty Ltd), by Vail Resorts Corporation, announced in early April. The acquisition of the ski field lease area and associated infrastructure at both Falls Creek and Mt Hotham, was welcomed by the resort board and stakeholders alike. Having worked closely with the previous owners, Merlin Entertainment, on behalf of the resort stakeholders I extend their thanks and appreciation for their efforts in helping grow Falls Creek during their term of management. The resort Board look forward to working closely with Vail on continuing to develop Australia's premier all seasons alpine resort and delivering outstanding guest experiences to all who visit Falls Creek.

Whilst the word 'unique' is often used in the promotion of Falls Creek, it is for good reason. There are many aspects that not only validate its use but characterise why such a word is appropriate. As a growing resident community, the resort is also a year round destination for many hundreds of thousands of visitors and guests. Offering truly amazing winter escapes and lifelong memories, the village, resort and surrounding high plains are also a thriving mountain adventure destination with experiences for thrill seekers and holiday makers alike, with many experiencing both the green season offering and mountain adventure opportunities for the first time, outside of winter.



Some key achievements in this regard include:

- continued increase in visitation on an all-season basis. Winter 2019 visitors were up by 20% on the 10-year average and 18% on visitor days. Summer 2018/19 had 170,295 visitor days, consolidating the high green season visitation levels.
- a new mid-week lift campaign to stimulate winter visitation, along with an innovative digital and media campaign
- 35% year-on-year increase in mountain bike (MTB) shuttle season pass holders;
- the growth of summer events has contributed an estimated \$5m increase in economic impact and associated employment
- the increased awareness created by this growth also contributed to unique www.falls creek.com.au recording over 3 million page views in the year.

The above contributed to the resort again being recognised by the tourism industry in the Major Tourism Category at the 2019 RACV Tourism Awards. This year, the resort was awarded silver. Having achieved wins in all categories, I would like to congratulate all the stakeholders for their contribution to ongoing tourism excellence. I would be remiss not to single out the Director Marketing and Communications, for her tenacity and drive to promote the resort in this way and play a major role in the overall recognition for the resort and stakeholders.

Falls Creek will continue to improve in all aspects of what we do, particularly in relation to sustainability, environmental stewardship and its quality product offering. The ongoing relationship with Protect Our Winters and the Victorian Government's TAKE2 pledge are two such examples of these aspects.

Furthermore, our commitment to these initiatives has also resulted in Australian Tourism Industry Council accreditation for the resort in the areas of Quality Tourism Essentials and Sustainable Tourism, signalling to our guests, resort users and community that the resort is committed to providing a high quality product, service and experience.



Contributing this have been a range of programs under the resorts Environmental Management Plan. This year key program highlights were:

- The resort participated in activities as part of a cross-tenure project focussed on mountain pygmy-possum recovery in the Victorian Alps.
- Within the wider resort area, funded projects focussed on pest

predator and weed control. Funding allowed for an increased effort towards control of foxes and feral cats to protect threatened fauna.

- Participated in 11 major environmental research programs with a range of agencies and universities.

Aligned programs across the resorts mountain infrastructure also saw significant investment in:

- The installation of a new waste water treatment caustic dosing plant.
- Replacement or removal of underground diesel fuel tanks.
- The construction of a new e-waste management sorting facility.
- Continued focus on waste diversion to landfill, this year exceeding 50%.
- Ski-field and village water supply upgrades assisting in greater water usage and efficiency.

To this end, the resort offers a landscape that has colloquially, 'something for everyone'. A riding mecca, both mountain biking and road cycling; an athlete's training ground for that altitude advantage; the highest lake in the alpine for a refreshing dip or to drop a fishing line. With hundreds of kilometres of walking trails, mountain huts and wilderness to explore, or to just sit, relax, take in the clean alpine air and the stunning vistas, Falls Creek really is 'adventure your way'.

The resort Board are committed to working with our industry colleagues, regional partners, local shires, agencies, state and federal departments to plan for the resort's future, the collaboration and assistance throughout the year has been essential in ensuring Falls Creek is the best it can be.

In closing, I would thank the Board for their contribution and continued support to not just our resort, but the industry as a whole. To the resort management team, a big thank you for the support provided to all stakeholders and to your teams in delivering results and ensuring that Falls Creek continues to be a unique and amazing experience, year round.

The divisional summaries and activities undertaken throughout the year are summarised on pages 14 through 27.

STUART SMYTHE | CEO



RESORT PROFILE

ABOUT FALLS CREEK

Falls Creek is a major tourist destination in North East Victoria. The resort is set at altitude ranging from 1,210 to 1,850 metres and is surrounded by the Alpine National Park. Falls Creek uniquely benefits from its hydroelectric heritage. In particular, the Rocky Valley Lake and 65km of aqueduct trails supports the resort's water supply, snow making capabilities and activity base.

Falls Creek contributes significantly to the economy of the region. The resort generates significant seasonal employment, particularly in the nearby towns, and provides recreational opportunities and environmental values to both the local and wider community. At the same time, the resort proudly maintains a vibrant but small permanent community that uniquely maintains a year round primary school and a fully accredited child care centre.

The Falls Creek Alpine Resort Management Board was established under the *Alpine Resorts (Management) Act 1997 (Vic)*. The Board operates under its registered business trading name of Falls Creek Resort Management (FCRM). The responsible Minister during the 2019 reporting year was the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

While responsibilities include elements similar to a local government authority such as planning and the provision of infrastructure services, FCRM also has a responsibility for Crown Land management, destination marketing of the resort, and resort promotion. It is expected to commercially manage the leases of public land in the best interests of the people of Victoria.

FCRM is an organisation with assets comprising Crown Land, public utilities, and infrastructure assets. Annual recurrent revenues are approximately \$12 million. Expenditure is primarily directed to visitor services, infrastructure services including roads, water, sewerage, waste management, winter operations (ski patrol, cross country skiing and snow clearing), and resort promotion.



“VICTORIA’S ALPINE RESORTS WILL BE VIBRANT, GROWING AND SUSTAINABLE PLACES...”

ALPINE RESORTS STRATEGIC PLAN 2012

In December 2012, the Victorian Government released its new framework for the development, promotion, management and use of Victorian alpine resorts. The vision for the alpine resorts is:

“Victoria’s alpine resorts will be vibrant, growing and sustainable places, delivering alpine recreational and tourism experiences that are available to all”.

The plan outlines six strategic objectives and also provides specific actions to be undertaken to deliver on the strategic objectives.

Following an independent review of the current Alpine Resorts Strategic Plan (ARSP), a new ARSP is being developed by the Alpine Resorts Co-ordinating Council (ARCC) in collaboration with all the Victorian alpine resort management boards and a broad range of stakeholders. The new ARSP is scheduled for release in 2020.

STRATEGIC OBJECTIVE 1

Enhancing the visitor experience and developing resorts

STRATEGIC OBJECTIVE 2

Delivering resort services and infrastructure efficiently and accountably

STRATEGIC OBJECTIVE 3

Building partnerships

STRATEGIC OBJECTIVE 4

Respecting the alpine environment

STRATEGIC OBJECTIVE 5

Broadening access opportunities

STRATEGIC OBJECTIVE 6

Regulatory reform

DELIVERY OF GOVERNMENT STRATEGIC OBJECTIVES

FCRM’s Strategic Management Plan (“A Pathway to the Future”), outlines the strategic vision for Falls Creek supported by the overarching Alpine Resorts Strategic Plan 2012. It also details initiatives to be implemented to deliver on the Government’s vision and strategic objectives.

Development of a new FCRM Strategic Management Plan has begun with a facilitated strategy session late in 2018, and will be informed by the new ARSP.

The Board’s annual Corporate Plan details three years of key initiatives and actions flowing from both the Alpine Resorts Strategic Plan 2012 and the Strategic Management Plan, and the resources required to deliver thereon.

The Falls Creek Master Plan is supported by this Strategic Management Plan. It includes a ten year vision and associated asset management/renewal plan.



VISION, MISSION AND PRINCIPLES

A VIBRANT AND DISTINCTIVE VILLAGE OFFERING AUSTRALIA'S MOST MEMORABLE ALPINE EXPERIENCES

STRATEGIC VISION

Within the context of the Alpine Resorts Strategic Plan 2012, the Board has defined the vision for Falls Creek as: A vibrant and distinctive village offering Australia's most memorable alpine experiences.

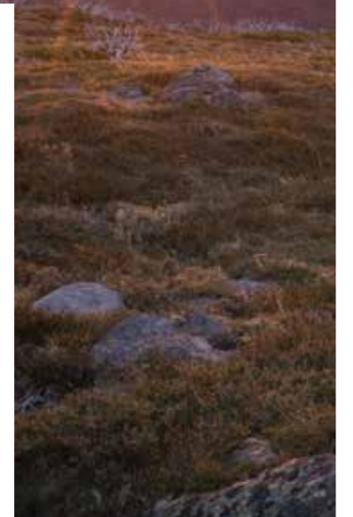
MISSION

The mission for all resort management staff is to see Falls Creek recognised as being "an unparalleled, unique and world class all seasons alpine resort, renowned for being Australia's premier leisure, lifestyle and adventure destination."

GUIDING PRINCIPLES

To achieve this mission, our guiding principles, formulated through collaboration across the workforce, and embedded into all facets of the organisation, are:

- **Exceed Expectations:** By using integrity, applying commitment and engaging with our users, the community and our staff, we will endeavour to excel.
- **Create Fun, Adventure and Lifelong Memories:** By inspiring people to embrace an active outdoor lifestyle.
- **Enacting Stewardship:** Is about being accountable to our stakeholders, acting as custodians for our environment and planning for its sustainability, we are then able to facilitate and build prosperity for the local and regional community.
- **Dedicated and Passionate:** We live, breathe, use and thoroughly appreciate the responsibility entrusted to us in managing the unique assets of the resort and surrounding high plains.
- **Strive for Value:** Through ensuring operational efficiencies are optimised, infrastructure and services can be delivered that will enhance any activity, ultimately offering exceptional value and an outstanding mountain resort experience to all users.



YEAR AT A GLANCE

FINANCIAL POSITION

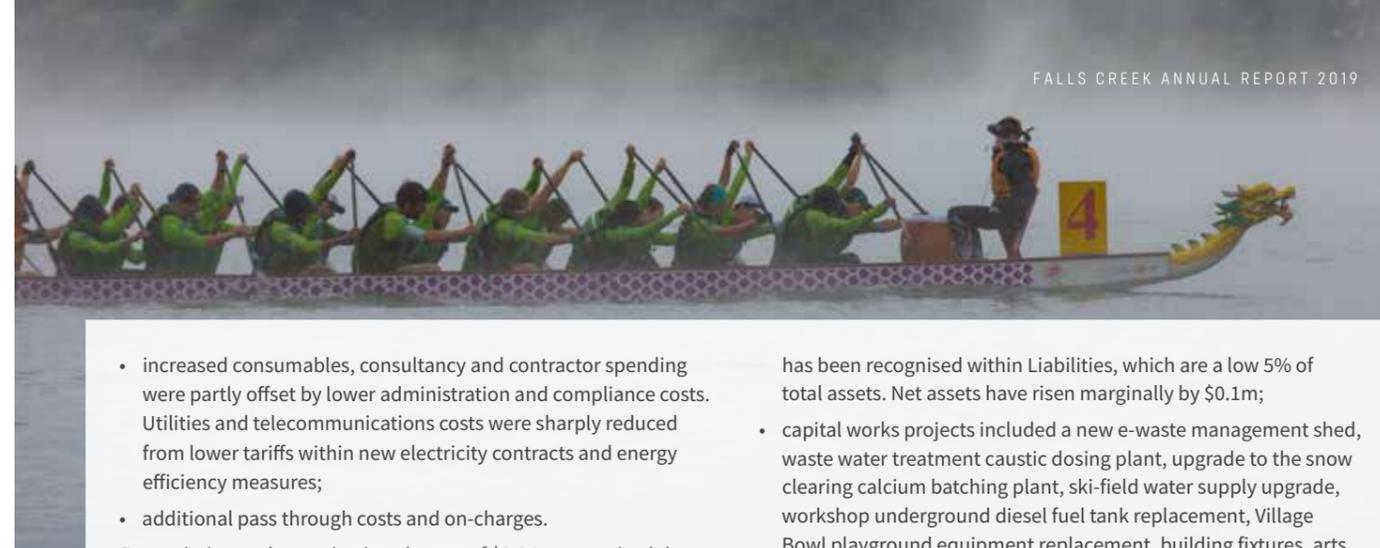
The 2019 financial year recorded a comprehensive surplus of \$94,610 which was better than budget by \$34k and continued on from the surplus result of the previous year. The positive bottom line was built on a healthy operating surplus of \$2.4m and solid cash inflows of \$1.8m from operating activities following continued growth in resort visitation and tight cost controls. The operating surplus was \$232k above the 2019 budget, though non-operating economic flows, depreciation and amortisation charges and interest expenses were \$198k higher than expected.

Operating revenue grew strongly to \$12.7m, which was \$0.7m (5.9%) higher than budget:

- visitor fee income (mainly resort entry fees) rose by \$0.36m (8%) to \$4.87m due to continued excellent visitor numbers;
- site rental revenue fell marginally by \$16k (1%) to \$1.59m from some lower site valuations within the valuation cycle;
- service charge income decreased to \$4.43m (\$50k below budget), due to capital ingoings adjustments from site redevelopments;
- government contributions grew by \$188k to \$0.43m and comprised mostly of child care centre subsidies, environmental program and capital project grants; and
- other income grew by \$131k to \$1.37m, with higher receipts from the co-operative marketing program, ski patrol contributions (from increased visitation) and insurance recoveries.

Operating expenditure rose to \$10.28m, a \$0.28m (2.8%) increase on the prior year. The main variances were due to:

- increased operational costs in managing the challenging 2019 snow season which directly impacted expenditure on transport, road clearing and grooming services – both contractor and internal employee costs were higher as a result;
- higher freight costs due to the substantial rise in freight volumes distributed;
- additional recycling compliance costs;
- increased marketing and communication costs from the continued development, promotion and running of a full events calendar;
- higher salaries, wages and on-costs from the Enterprise Agreement, expanded operations in certain areas and coverage of long-term WorkCover absences;



- increased consumables, consultancy and contractor spending were partly offset by lower administration and compliance costs. Utilities and telecommunications costs were sharply reduced from lower tariffs within new electricity contracts and energy efficiency measures;
- additional pass through costs and on-charges.

Depreciation and amortisation charges of \$2.24m comprised the bulk of the non-operating items and rose by \$134k over the prior year. The application of AASB 16 Leases resulted in an additional \$69k Interest on Lease Liability charge.

FCRM's financial position remains healthy with a strong asset base and low liability levels that provides a robust foundation for ongoing operations into the future:

- total assets increased by \$2.1m (2.3%) to \$93.4m, largely from the recognition of a \$2.2m Right of Use asset from revised accounting standard lease treatments. A corresponding \$2.2m Lease Liability

has been recognised within Liabilities, which are a low 5% of total assets. Net assets have risen marginally by \$0.1m;

- capital works projects included a new e-waste management shed, waste water treatment caustic dosing plant, upgrade to the snow clearing calcium batching plant, ski-field water supply upgrade, workshop underground diesel fuel tank replacement, Village Bowl playground equipment replacement, building fixtures, arts and culture installations, OH&S and ICT equipment and other minor capital items;
- 2019 continued the cash consolidation following the extensive capital works program over the 2013-2016 period, with a \$122k increase in year-end cash balances to \$1.8m; and
- a continued focus on protecting income and tight control of expenditure resulted in robust net cash inflows from operating activities of \$1.8m.

The table below illustrates the resort's financial performance and position for the past five years.

FIVE YEAR FINANCIAL SUMMARY

	2019	2018	2017	2016 ^	2015
Visitor fee income	4,870,273	4,506,227	3,950,613	3,638,581	3,031,377
Site rental	1,591,697	1,607,920	1,666,650	1,860,978	1,680,338
Service charges	4,425,259	4,718,573	4,124,507	4,473,546	3,683,205
Government contributions	433,557	245,513	349,041	1,142,244	1,208,050
Other income	1,370,223	1,239,609	1,186,718	1,187,767	934,267
Total revenue	12,691,009	12,317,842	11,277,529	12,303,116	10,537,237
Operating expenditure *	10,280,691	9,999,552	9,669,774	10,910,232	9,075,034
Operating surplus/(deficit) before depreciation and amortisation, interest expenses and other economic flows	2,410,318	2,318,290	1,607,755	1,392,884	1,462,203
Non-operating transactions	2,315,708	2,141,855	2,457,581	5,867,192	2,375,801
Total expenditure & other economic flows	12,596,399	12,141,407	12,127,355	16,777,424	11,450,835
Comprehensive result	94,610	176,435	(849,826)	(4,474,308)	(913,598)
Cash inflows from operating activities	1,827,151	2,091,631	1,171,964	1,825,827	479,937
Total assets	93,449,128	91,316,488	91,263,346	92,463,394	96,118,074
Liabilities	4,677,107	2,639,078	2,762,371	3,212,593	2,807,965
Net assets	88,772,019	88,677,410	88,500,975	89,250,801	93,310,109

^ 2016 figures are for 14 months due to the change of financial year end to 31 December, whereas the comparative years are 12 months.

* Operating expenditure excludes financing charges and depreciation / amortisation, and therefore differs from total expenses from transactions on page 50 of the financial statements.



**\$94,610 COMPREHENSIVE SURPLUS
& STRONG CASH INFLOWS OF
\$1.8M FROM OPERATING ACTIVITIES**

ENHANCING THE VISITOR EXPERIENCE AND BUILDING PARTNERSHIPS

Falls Creek continues to increase visitation on an all-season basis. Winter 2019 visitors were up by 20% on the 10-year average and 18% on visitor days. Summer 2018/19 had 170,295 visitor days, maintaining high green season visitation levels.

KEY ACHIEVEMENTS



Silver winner – RACV Tourism Awards 2019 in the Major Tourism Destination category;



Quality Tourism – Accredited Tourism Business, meeting sustainable business practices;



Summer events alone contribute an estimated **economic impact of \$5 million and 450 jobs annually**;



Astra Lodge – **Australia's Best Ski Boutique Hotel 2019** for the 4th year;



Raised nearly **\$19,000** for the **Leukaemia Foundation** since 2014;



The largest southern hemisphere cross country ski event, the **Kangaroo Hoppet**, with over 1,100 participants, including **22% from 24 international nations**;



35% year on year increase on mountain bike (MTB) shuttle season pass holders;



Largest **McKayos** (mass start **snow-dirt-road MTB enduro**) participation, with 350 riders, a year on year rise of **28%**;



Media – extensive regional and metro coverage throughout winter 2019.

EVENTS

The resort continues to expand its annual calendar in collaboration with experienced event organisers.

November to April is the key green season visitation period and June to September for the white season. May and October are the lowest periods.

2019 EVENT HIGHLIGHTS INCLUDED:



KEY HERO EVENTS:

- Peaks Challenge – **1,700** riders
- Kangaroo Hoppet – **1,100** skiers
- Ignition - Mountain Bike Park opening – **800+** participants.



MEDIUM EVENTS:

- Dragon Boats Regatta – **500+** paddlers
- Victorian Enduro Tour – **175** riders
- Regional Longest Lunch – **200** diners
- McKayos – **350** riders.



COMMUNITY EVENTS:

- Ice Plunge – **150** plungers
- **NEW** – Oktoberfest – **300+** participants.

DESTINATION MARKETING

Resort Management continue to drive all destination marketing for the resort on an all-season basis in line with the Marketing Strategy 2017-2019. The objective is to support tourism and economic development for all resort stakeholders and improve the visitor experience. Once the Alpine Resorts Co-ordinating Council's next 5-year strategic plan has been delivered, the marketing strategy will be updated in consultation with stakeholders.

DIGITAL

Resort Management saw an **8.5%** audience increase across Instagram and **5%** across Facebook during the winter 2019 period. Despite having lower audience numbers to our direct competitors, Falls Creek Resort's engagement rate was the **2nd** highest in the industry.

www.fallscreek.com.au recorded over **3 million** pageviews in the year.

COMMUNICATION

Resort Management has made significant improvements in emergency / crisis management communications in the last 12 months. Various channels are utilised to ensure visitors and residents are advised of road and resort closures, storm cycles and bushfire information, for example, in a timely manner. A Stakeholder Engagement Framework forms part of all Executive Leadership Team decision processes.

PARTNERSHIPS

Partnerships and collaborations are a key element of the resort's continued success, development and all year-round visitation increase:

- AGL
- Albury City Council
- Alpine Shire
- **NEW – Ambassador Athletes**
- Blue Dirt
- BMW Australia
- **NEW – Bright Brewery**
- Dirt Diva's
- Disabled Winter Sports (DWA)
- Falls Creek Alpine Association
- Falls Creek Chamber of Commerce & stakeholders
- Falls Creek Historical Society
- Falls Creek Ski Lifts (FCSL)
- Falls Cycle Club
- Melbourne Track Club
- Mountain Bike Australia

- North East Victoria Cycling Optimisation Project (NEVCO)
- Parks Victoria
- **NEW – Peak Adventure**
- Protect our Winters
- Ski & Snowboard Australia
- Specialized Bikes
- Tourism North East

PRODUCT DEVELOPMENT

Mountain Biking – The resort's unique offer is supported by well-maintained trails built by world leader World Trail; shuttles by industry leader Blue Dirt; Bike Patrol; and ride in / ride out access suitable for all rider abilities. The network provides trails designed for all rider types - advanced, intermediate and beginner.

In order to continue the growth, stage 5 consisting of a further 10 km+ of single-track trails has been scoped and is subject to planning and funding approval.

Gravel riding – Resort Management is looking at capitalising on the current trend of gravel riding to promote the extensive network of fire trail in and surrounding the resort. This demographic are affluent ride cyclists searching for the next challenge.

Altitude Training – The resort continues to be a habitual training camp destination for many high profile and developing track athletes. The development of the shovel ready Nordic Bowl will assist in growing this market.

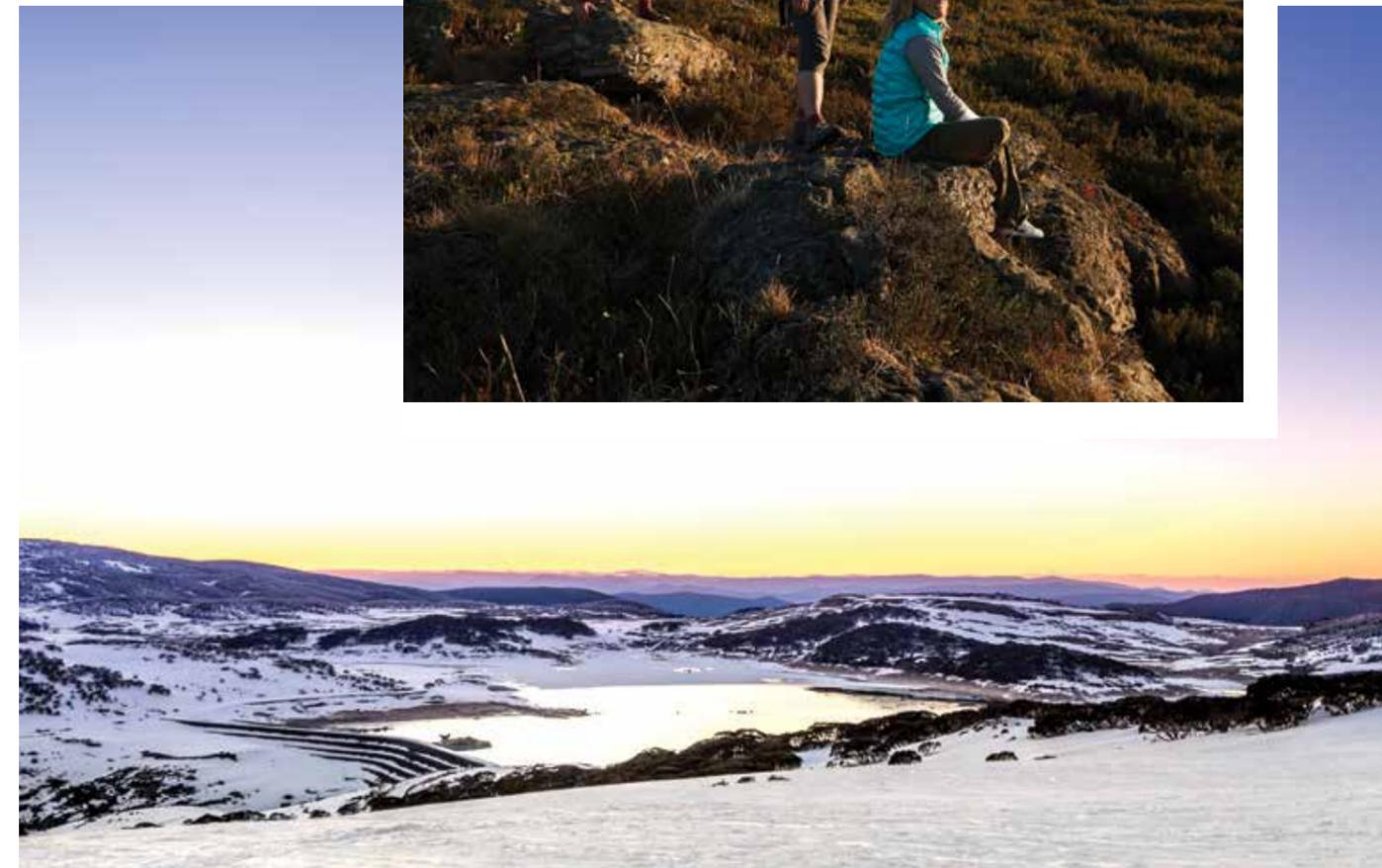
Midweek lift – To support the Snow Victoria campaign, Resort Management and Falls Creek Ski Lifts offered a '3 for 2' lift pass and resort entry product to encourage midweek stays primarily targeting lapsed and first timers.

Lake activities – Following a successful Expression of Interest process, **Peak Adventure** will be operating hire activities on Rocky Valley Lake this coming summer, including picnic guided tours.

Hiking – Falls to Hotham Crossing. The finalisation of the Master Plan will see the enhancement of this offering from a facility and branding perspective. With the trail head proposed at Rocky Valley Lake, new activation opportunities will become available. Resort Management has also been able to leverage off the Walk High Country regional campaign.

ADAPTIVE

Front of mind for Resort Management is developing future trails, activities, services and products suitable for adaptive users. The fully accessible facility at Howman's Gap is a game changer in this space.



DEVELOPING THE RESORT AND BROADENING ACCESS OPPORTUNITIES

FCARMB has continued to work proactively to develop and refurbish the resort to ensure it remains a contemporary premier tourist destination.

Through the progression of new leases, lease renewals and strategic resort developments, FCARMB has implemented the Alpine Resorts Leasing Policy in accordance with the goals and objectives in the:

- **Alpine Resorts Strategic Plan 2012;**
- **Falls Creek Strategic Plan 2013 – A Pathway to the Future; and,**
- **Falls Creek Master Plan 2016.**

STRENGTHENING OUR SUMMER MARKET

Falls Creek strengthened the non-winter market through further investment in summer infrastructure and promotional partnerships that provide broader exposure to Victoria's alpine landscape.

On-going activation of mountain bike and walking trails provided key non-winter infrastructure assets that drove significant tourism at Falls Creek during the steadily increasing summer market. Year-on-year market growth of the Falls Creek Bike Hub continued to provide a social and programme centre for all cycling activities in Falls Creek. Combined with an events driven promotional strategy, the Falls Creek mountain bike market share has steadily increased. Significant planning for mountain bike touring and gravel event activation will promote a new market segment in 2020.

Commercial activation of the Rocky Valley Foreshore provided the first genuine sailboat and equipment hire in alpine areas in Australia. Greater facilitation of water-based activities will remain a key point of difference for Falls Creek in the summertime alpine tourism market.

The Falls Creek Primary School, the only year-round alpine resort school in Australia, had 19 students enrolled year-round for 2019. This is a strong indicator that families are choosing Falls Creek as a viable professional and lifestyle community. A limit capacity of 40 students in winter highlighted a significant overflow of families seeking seasonal public education in the resort.

Falls Creek is the only alpine resort that can offer year-round education.

DEVELOP AND REFURBISH THE RESORT TO ENSURE IT REMAINS A CONTEMPORARY PREMIER TOURIST DESTINATION.

NEW LEASES AND PROPERTY TRANSACTIONS

A strong leasing framework remains a keystone for the progressive development of the village. Appropriate lease negotiation and subsequent development provides the foundation for the village to remain a contemporary guest experience at all times of the year. A continued strong emphasis on environmental performance and the Falls Creek Design and Siting Guidelines ensures all lease renewals are completed to contemporary standards.

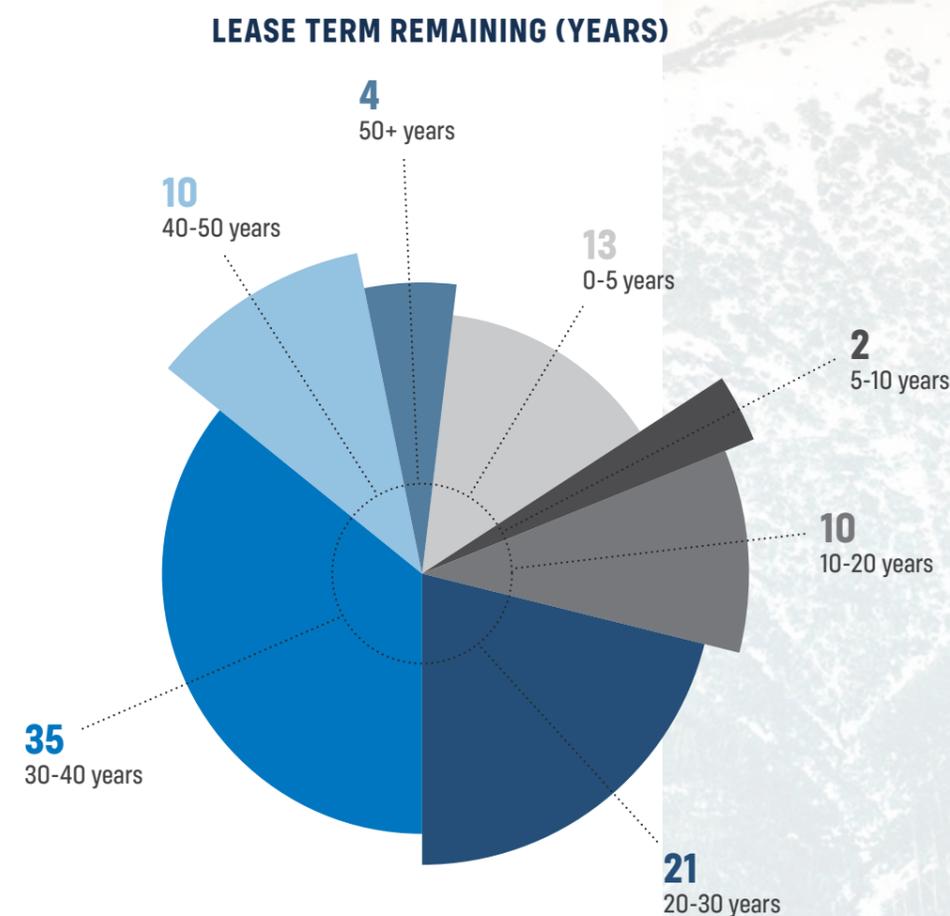
Falls Creek Resort Management staff were very active in the review of the Alpine Resorts Leasing Policy driven by the Alpine Resorts Co-ordinating Council for the Department of Environment, Land,

Water and Planning (DELWP). The revised policy, to be released in 2020, will be a key strategy document for the long-term delivery of resort and industry strategy for the next generation.

Falls Creek has over half (49) of the current leases with more than 30 years until expiry. Of the remaining 46 leases, 21 have over 20 years to run, 10 have between 10 – 20 years, 2 have between 5 – 10 years and 13 have less than 5 years remaining of which 5 are undertaking work in accordance with an Agreement to Lease. All new leases granted at Falls Creek in 2019 have been in accordance with the Alpine Resorts Leasing Policy, statutory planning provisions and Board policies and strategies.

Through public workshops and information sessions, FCARMB has been engaged with all lessees with less than 10 years to run on their lease to ensure that the process for lease renewal runs smoothly.

Figure 1: Remaining Crown Lease Terms



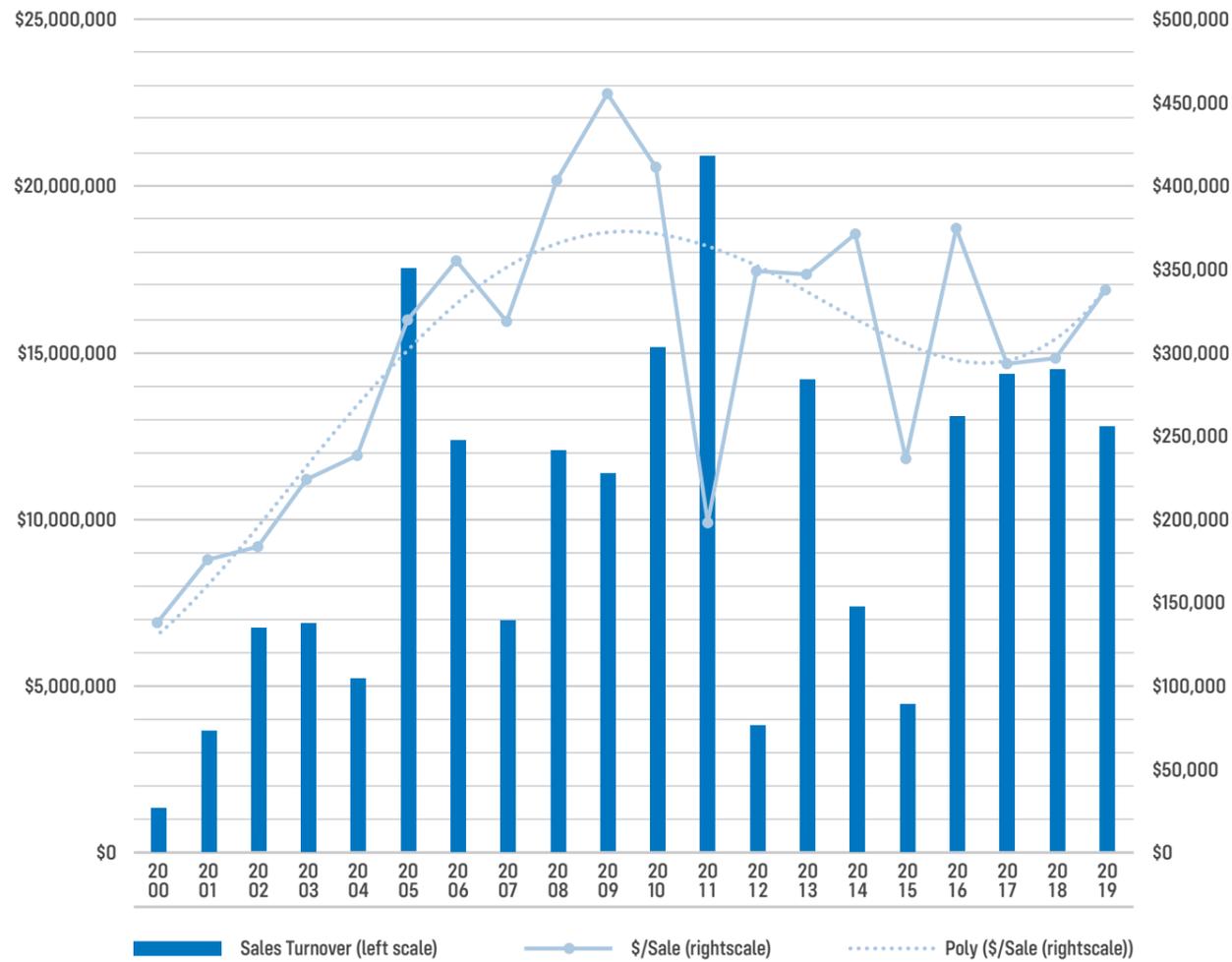
Developments have continued on various sites throughout the village as lessees undertake refurbishment and upgrade requirements for leases or lease obligations that have been issued over the previous five years. Refurbishments and upgrades totalling approx. \$8m were undertaken by several key sites in the village in 2019.

FCARMB has worked with lessees to ensure that all scheduled obligations are met in accordance with leases, the Building Code of Australia and planning permits issued under the Alpine Resorts Planning Scheme.

There has continued to be steady property movement throughout the previous year in Falls Creek. Property sale transactions were strong in 2019 with 38 commercial transactions consented by the Board representing over \$12m of invested capital. The 38 property transactions comprised 1 head lease and 37 subleases.

An analysis of property sales in the resort since the year 2000 indicates a strong market recovery following two key macro-drivers: Global Financial Crisis (2008) and the Helmsman Sale (2011) that drove down industry real estate values.

Figure 2: Falls Creek Property Sales



In 2019, the assessment of fair value by the Office of the Victorian Surveyor General valued the village leasehold sites at \$27,690,369 with the balance of the resort valued at \$10,397,000. The improved value of the resort, excluding publically owned assets, was valued at \$246,140,000 in 2019. Land valuations were undertaken on 31 leased sites as per lease requirements. The combined land value of these sites represented no alteration in overall land values in the resort.

STATUTORY COMPLIANCE

In accordance with Section 192 (1) of the *Building Act 1993*, FCARMB ensures compliance with all Building Code of Australia requirements at Falls Creek Alpine Resort. Annual scheduled inspections are conducted throughout all buildings in the village to ensure compliance with all relevant standards. FCARMB worked closely with resort operators to comply with new pool and spa fencing regulations. Resort Management continued to work with the Victorian Building Authority Cladding Taskforce on identifying and assessing exterior cladding on public buildings for unsafe materials.

All environmental health requirements for the resort encompassed in the *Food Act 1984* and the *Public Health and Wellbeing Act 2008* are met by FCARMB through a services contract with the Indigo

Shire. Inspections of 45 food premises, 49 accommodation facilities, 1 premise selling tobacco and 4 health premises were conducted during the season. Educational components were included in these visits where needed in the areas of tobacco reform and aquatic facility maintenance. Due to the seasonal changes in staff, environmental health efforts were focussed on an educational approach to inspections, ensuring new staff were aware of statutory responsibilities. All sites complied with all statutory requirements.

COMMERCIAL VIBRANCY

Short-term authorities and street trading permits were issued in 2019 to provide commercial vibrancy and diversity in guest offerings throughout the resort. Street trading augmented lease-based trading in key nodes during the winter and non-winter periods. Pop-up stalls and mobile vendors provided commercial food and beverage for remote events.

Summer trading continued to be a strong point of industry difference for Falls Creek with a genuinely viable summer season that offers commercial opportunities for resort stakeholders. FCARMB will pursue further growth in the summer market to create greater commercial vibrancy.



DELIVERING RESORT SERVICES AND INFRASTRUCTURE

The Infrastructure and Mountain Response Group has the primary role within Falls Creek Alpine Resort for the provision of essential services, infrastructure and emergency management functions enabling the Falls Creek village and broader resort to operate in a safe, reliable and contemporary capacity.

Throughout the year, these services include the provision and management of potable water, waste water treatment, waste collection, roads and car parks, stormwater systems, public buildings, public spaces, emergency management and geotechnical risk mitigation. During the declared snow season, key services extend to include village transport, accommodation transfer services, freight services, car parking, snow clearing, village roads snow management, ski patrol and cross-country trail grooming.

Many responsibilities of the resort are similar to those of a municipality with the primary focus of work in the non-winter period being the maintenance of assets and delivery of the capital works program. Capital works efforts are concentrated during this period and are of critical importance to ensure priority asset renewal, replacement and investment programs are delivered for the resort.

ENABLING THE FALLS CREEK VILLAGE AND BROADER RESORT TO OPERATE IN A SAFE, RELIABLE AND CONTEMPORARY CAPACITY

ASSET MANAGEMENT

Resort Management is focussed on the long-term improvement of the asset management program, including enhancement of the existing asset information database, development of detailed asset management plans and comprehensive roll out of preventative maintenance programs for the existing asset base. This work will be undertaken over an 18-month period and will ensure compliance with the state government's Asset Management Accountability Framework.

Improving asset management will ensure Falls Creek remains in a strong position for future investment planning. The modernisation of the asset management system allows better strategic expenditure planning and detailed assessment of asset utility.

CAPITAL WORKS PROGRAM

The capital investment program for 2019 once again focussed on addressing high priority asset renewal items. Key highlights of this program included:

- installation of a new waste water treatment caustic dosing plant;
- replacement of the workshop underground diesel fuel tank;
- construction of a new e-waste management shed;
- replacement of Village Bowl playground equipment;
- upgrade to the snow clearing calcium batching plant;

- replacement of degraded winter equipment; and
- ski-field water supply upgrade.

WINTER OPERATIONS

The past winter was characterised by generally excellent conditions for the majority of the peak visitation period, with snowfall arriving in three principle storm events.

Natural snow accumulation began on 1st June, 1 week prior to season opening, resulting in a 41cm base for opening weekend. This was the best season start since 2000. Other significant snowfalls then occurred as follows:

- 55cm (11th July)
- 16cm (24th July)
- 94cm (8th August)
- 25cm (7th September)

These snow events resulted in natural snow depths peaking on 11th August at 162cm, the 15th highest total since records began in the

early 1980s. The event on 8th August was the third largest storm total ever recorded at Falls Creek

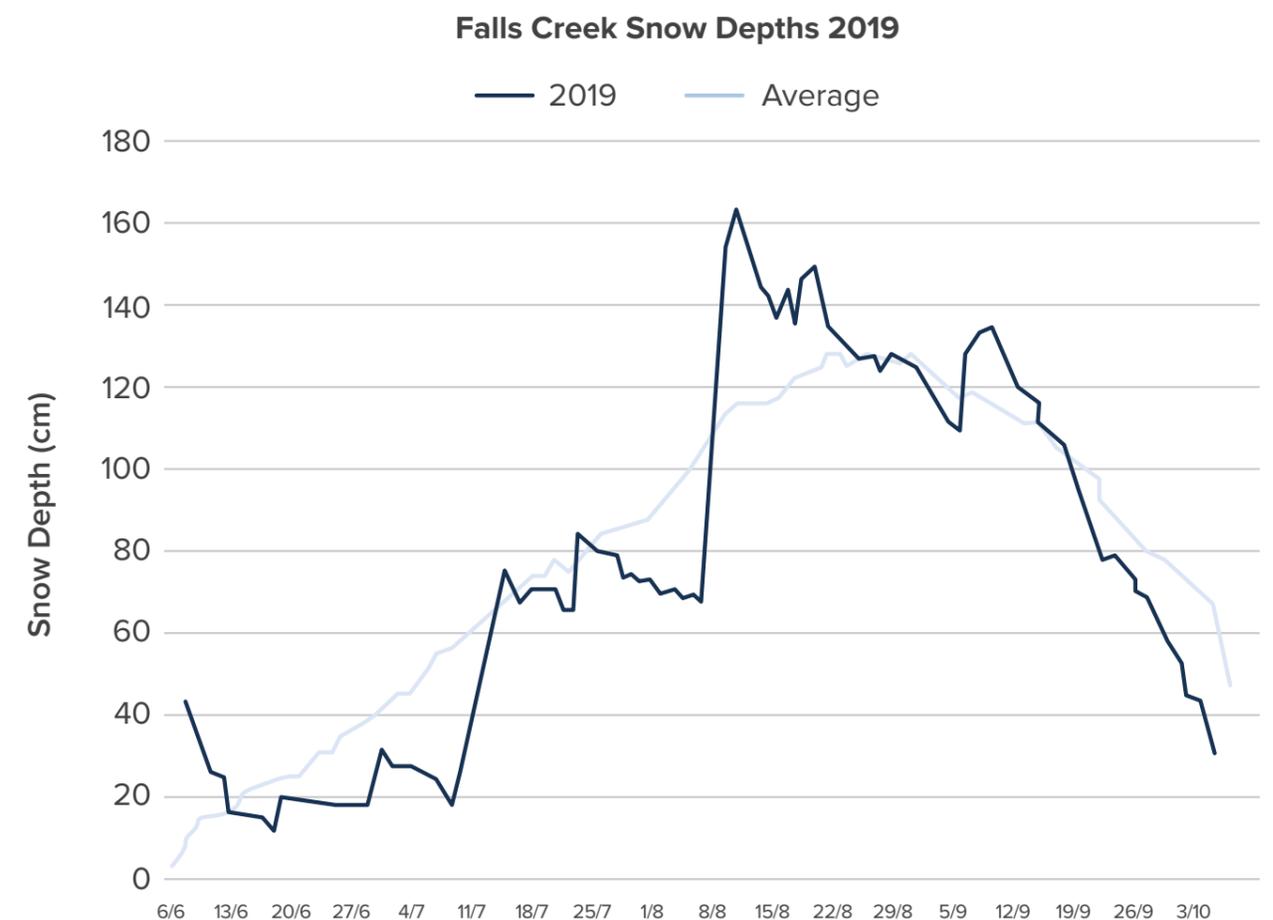
The pattern of snowfall in recent times at Falls Creek has moved towards larger storm-based accumulation, away from historical patterns which have been based on more frequent smaller snow events. This has implications for machinery and resourcing given the scale of these storms.

Falls Creek's renowned snowpack reliability ensured the exceptional winter was maintained through to the end of the season on 6th October.

Resort Management again worked collaboratively with Parks Victoria to provide high quality groomed cross-country trails for a significant portion of the snow season. The consistent snowfall provided excellent grooming opportunities with exceptional trail conditions on post storm days. For most of the season, 50km+ of groomed trails were provided throughout the resort and adjacent Alpine National Park, including grooming out to Cope Hut for long distance enthusiasts.

Participation in cross-country skiing at the resort remained strong again in 2019 peaking around Kangaroo Hoppet event weekend on 24th August.

Figure 3: Falls Creek Snow Depths 2019



ROAD ACCESS

Maintaining a safe and user-friendly village road network to ensure reliable commercial operation of the resort and critical emergency services access is one of Resort Management's primary responsibilities.

As a ski-in/ski-out village, Falls Creek offers a unique experience for snow enthusiasts. Throughout 2019, there was a renewed focus on the delivery of safe and consistent village roads with additional machinery time allocated to enhance the visitor experience at the resort.

This winter season, the village roads were closed to wheeled vehicle access for a total of 77 days, well above the long-term average.

As experienced in recent seasons, chains were required on 4WD vehicles on the Bogong High Plains Road during the snow season on one occasion during the 2019 season, highlighting the impact of large snowfalls on this primary access road.

The Bogong High Plains Road between Falls Creek and the Omeo Valley is not cleared of snow throughout the season, enabling its use as a key cross-country ski trail. In 2019, the road was closed to vehicles from 1st June until 31st October due to substantial snow drifts and repair works being undertaken on the road post season.

During the season, Resort Management cleared numerous tree and rockfall events and actively managed the road to support chain fitting operations and critical gas tanker transit during storm events.

TRANSPORT AND CAR PARKING SERVICES

The resort once again offered a range of transport services in 2019, including the Accommodation Transfer Service (ATS), village internal oversnow shuttle, Bogong High Plains road shuttle, car parking service and freight delivery service. All freight services are delivered free of charge to all business and commercial lodges, removing many vehicles from the village roads and contributing to an improved village amenity. The ATS operates under a user-pays model with other services provided on a complimentary basis as part of the resort entry fee.

PROVISION OF ESSENTIAL SERVICES, INFRASTRUCTURE AND EMERGENCY MANAGEMENT FUNCTIONS

Further improvements were made to ATS and transport operations including ticketing processes, car parking strategies, baggage transfer infrastructure and key arrival signage.

SKI PATROL

Falls Creek's ski patrol is responsible for safety on the ski slopes and in 2019 they again provided an exceptional public safety service. Patrollers are visible throughout the snow season providing a range of services. In 2019, the ski patrol consisted of 45 patrollers: 35 paid staff and 10 volunteers. In addition, Falls Creek welcomed two exchange patrollers from Keystone and Squaw Valley USA, continuing our ongoing relationship with these resorts.

The patrol team undertake annual training to ensure their skills are maintained to a high standard. The Australia Ski Patrol Association (ASPA) refresher course was once again conducted at Falls Creek during May 2019. The course included patrol staff from Mount Hotham and was regarded as very successful.

The work of the ski patrol team typically starts well before the lifts open with a thorough safety assessment of the ski area. This work includes marking hazards and assessing the safety of ski runs. When the slopes open to the public, the patrol focus on mountain awareness activities to educate guests on safe and social behaviour to ensure the ski area remains a safe and enjoyable experience for all guests.

Large storm events, such as in 2019, are particularly challenging for ski patrol. These create additional work to reset ropes, markers and signage, and avalanche control work was required to be undertaken in the Ruined Castle area of resort.

The patrol is responsible for attending incidents, minor treatment/assessment in the field and transporting guests to the medical centre. In 2019, the patrol responded to a total of 1,510 incidents which was a slight decrease from 2018, but remains 15% above the long-term average. This increase can be largely attributed to the increased patronage to the resort over winter and a shift towards beginner and intermediate level skiers. The Falls Creek ski-field injury rate remains steady at 1.7/1000 skier days which compares very favourably to international rates and is well below the accepted standard of 3.0/1000 skier days.

Falls Creek Ski Patrol continued its focus on backcountry safety and improving the backcountry response of patrollers. The backcountry program included regular assessment of conditions on Mt McKay and provided public access data via the daily snow report.

Ski Patrol made boundary signage improvements prior to the 2019 season and did not have to respond to any extended lost person incidents during the season.

The Victorian Police Search & Rescue Squad rope rescue training was also conducted at Falls Creek this year with attendance by several Victorian resort ski patrol representatives.

EMERGENCY MANAGEMENT

Resort Management is responsible for developing and maintaining a Municipal Emergency Management Plan (MEMP) that is compliant with the *Emergency Management Act 2013*. The Falls Creek MEMP

Committee met three times during the 2019 period: 7th February, 9th May and 11th October 2019.

Falls Creek prioritises practical exercises to test the MEMP where activation has not occurred. This year, two exercises were undertaken: a village water supply contamination scenario, and a lift evacuation exercise in conjunction with Falls Creek Ski Lifts to test operational response procedures during winter.

Resort Management remains committed to responsible and compliant emergency management and works closely with all agencies to ensure this can be achieved.

WATER SUPPLY

Falls Creek enjoys a unique high quality water supply that is compliant with the water quality standards prescribed by the *Safe Drinking Water Act 2003* and *Safe Drinking Water Regulations 2015*. During the year, the resort used a combination of groundwater from the new bore supply and surface water from Rocky Valley Reservoir. The treatment process includes pH buffering and final stage UV disinfection. The quality of supply was maintained at exceptional standards throughout the year.

Testing for water quality compliance is conducted weekly at a range of locations within the system. In 2019, results were fully compliant with all legislative requirements.

The annual consumptive water usage in 2019 was 154 ML compared to 174 ML the previous year.

WASTE WATER MANAGEMENT

Another key role for Resort Management is the safe, efficient and compliant treatment and discharge of waste water. The waste water treatment plant operates year-round under a biological nutrient removal aerobic process with treated effluent discharged into the Rocky Valley Creek catchment and activated sludge removed from resort during the summer months. The plant achieves high standards of nitrogen and phosphorus removal. Final deactivation treatment is achieved using high intensity UV light.

Effluent from the plant is subject to an EPA waste discharge licence that specifies limits for key parameters, tested monthly. Testing in 2019 indicated the effluent from the plant was fully compliant with the parameters specified in the discharge licence.

In 2019, the total annual discharge was 138 ML compared with 146 ML the previous year.

GEOTECHNICAL RISK MITIGATION

Resort Management's geotechnical program is an essential component of managing geotechnical risk in the resort. This program has enabled Resort Management to design and deliver an ongoing recurrent works program that includes the collection and analysis of groundwater data and early identification of emerging hazards.

In addition to recurrent works involving monitoring risk via a network of ground water drains, a range of capital works is undertaken each year. In 2019, these works included the upgrade of degraded stormwater infrastructure, rectification of failed retaining walls, improved access to existing groundwater monitoring bores and the installation of new groundwater monitoring bores.

A full village risk analysis is currently in progress which will update the geotechnical risk ratings assigned to each area.

SUMMER OPERATIONS

Visitation to Falls Creek in summer continues to be strong and 2018/19 was no exception. The Christmas/New Year period had an estimated peak attendance in resort of 2,000-2,500 people. As a result, there has been additional focus to ensure service levels are adequate to meet guest expectations. Increased utilisation of key infrastructure has also restricted access to plant and roads during the summer works program. Careful planning is undertaken to ensure the works program can be completed with minimal disruption.

Management of village access and resort parking during peak periods was again required in 2019 to ensure the amenity and safety of the village was maintained.

Falls Creek has a mountain bike trail network designed and built to international standards. This receives extensive use over summer and requires employment of dedicated resources to maintain these standards.

Additionally over the summer months, a select group of ski patrollers are tasked with providing Bike Patrol for the mountain bike park. This greatly enhances user safety and assists in first response to incidents in the park.

Falls Creek pays particular attention to bushfire risk due to the location of the resort. In 2018/19, Resort Management executed risk reduction works throughout the village as part of the CFA Safer Together initiative in conjunction with the local CFA brigade and Falls Creek Ski Lifts.

RESPECTING THE ALPINE ENVIRONMENT

FCARMB continued to prioritise the protection and enhancement of the alpine environment throughout 2019.

Falls Creek Alpine Resort is an area of high biodiversity value with many species that are restricted to alpine and sub-alpine areas. This includes several rare and threatened species and communities listed under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) and *Flora and Fauna Guarantee Act 1988* (Vic).

ENVIRONMENTAL MANAGEMENT

Environmental management and resort operations in 2019 were carried out in accordance with the Falls Creek Environmental Management Plan (EMP). Major achievements for the year across each aspect of the plan included:

- **Biodiversity** – no new environmental weeds were established in the resort; the ongoing pest animal monitoring program continued across the resort; and environmental education opportunities were facilitated.
- **Water and catchments** – 100% compliance with water use, extraction, quality, supply and discharge licences; completion of the wastewater treatment plant bunding; and ongoing water hydrant upgrades.
- **Waste and resource use** – 50.28 tonnes of organic waste were diverted from landfill; and 50% of waste was recovered to be recycled.

GOAL: VICTORIA'S NATURAL ENVIRONMENT IS HEALTHY

- **Land use and development** – integrity testing of Accommodation Transfer Service fuel bowser was completed; asset register maintained; and no significant environmental hazards occurred requiring management during the reporting period.
- **Energy and climate change** – taking further steps towards the goal of reducing energy consumption by FCARMB in the resort including changes to the types of lighting, installation of sensor switches and reductions to heating use where possible.

Management practices were undertaken with consideration of the principles and objectives of the Victorian Biodiversity Plan, *Protecting Victoria's Environment – Biodiversity 2037*. Specific examples of actions in 2019 towards the Biodiversity Plan's goals included:

Goal: Victorians value nature

- FCARMB supported steps towards raising awareness about the importance of the natural environment, installing 6 environmental signs around the resort as part of the bigger Heritage, Environment and Arts trail. This was made possible thanks to funding from the Wettenhall Environment Trust secured through the Environmental Interest Group and with additional funding support from the Falls Creek Historical Society.
- FCARMB again conducted educational presentations for university and secondary students visiting the resort from various places in Victoria to promote and foster greater understanding of the complexities of our unique alpine landscape.

Goal: Victoria's natural environment is healthy

- Ecological regimes were improved by the ongoing removal of the biodiversity threats of weeds and pest animals.

- Important classes of species (such as apex predators) were considered in management planning and actions.
- FCARMB supported and engaged in research that can contribute towards informing management actions in the future.

BIODIVERSITY PROGRAMS

FCARMB received federal and state funding to support biodiversity projects during 2019. These grants enabled specific threats to biodiversity to be targeted:

- The resort was involved in activities as part of a cross-tenure project focussed on mountain pygmy-possum recovery in the Victorian Alps. Early in 2019, a revegetation project aiming to restore mountain pygmy-possum habitat that had been burnt by consecutive fires, planted important food producing plants, such as the mountain plum pine. Along with improving habitat, pest predator monitoring and control works in and around mountain pygmy-possum habitat was carried out to give possums the best chance of survival. This project was supported by Falls Creek, through funding from the Australian Government's National Landcare Program.
- Within the wider resort area, funded projects focussed on pest predator and weed control. Funding allowed for an increased effort towards control of foxes and feral cats to protect threatened fauna. Specific areas that had high-risk weeds such as willows, rowan trees and pine trees were treated in 2019. These projects have been funded by the Victorian Government's Biodiversity Response Planning program and is helping to ensure that Victoria's environment is healthy, valued and cared for.

Protection of our native ecosystems through integrated cross-tenure boundaries remains a core focus for environmental management at Falls Creek. FCARMB supported the ongoing Hawkweed Eradication Program co-ordinated by Parks Victoria within the resort and surrounding Alpine National Park and conducted regular surveillance for hawkweed along the mountain bike trail network. FCARMB continued to support the long-term monitoring program of mountain pygmy-possum populations within the resort and surrounding areas. As a member of the mountain pygmy-possum state recovery team, FCARMB worked collaboratively with other organisations and scientists to prepare the Mountain Pygmy-possum Operational Contingency Plan in response to observed pouch young litter loss in local populations. To assist with filling knowledge gaps, in October 2019 FCARMB began the monitoring of arriving Bogong moths, an important food source for the mountain-pygmy possum.

FCARMB continued to deliver a broad scale weed control program, with a focus on protecting high-value environmental areas, such as alpine peatlands. Strategically, the program targeted high-

risk weeds along dispersal vectors such as roads, bike trails and waterways, with the intention of limiting the risk of weed spread within areas of the resort and into the surrounding National Park.

WASTE REDUCTION INITIATIVES

FCARMB continued active participation as part of the North East Waste & Resource Recovery Group (NEWRRG) to deliver best practice waste recovery and recycling through various partnerships and programs. The Living Bin organic waste recycling program successfully diverted over 50 tonnes of organic waste from landfill during 2019, an increase compared to the previous year.

The resort worked to increase resource recovery rates and the 50% diversion from landfill rate for 2019, which was up from 46% in 2018, continued to better the 2020 resort-wide target of 45%. The quantity of waste to landfill per visitor day remained steady with a slight increase of 0.63kg/visitor day during the winter period.

ENVIRONMENTAL RESEARCH

In 2019, FCARMB continued to collaborate with numerous organisations and tertiary institutions to undertake relevant alpine research to enhance understanding of the unique alpine biodiversity.

Research being undertaken in the resort this year has included:

- population trends of the threatened She-oak skink (Arthur Rylah Institute, DELWP / Zoos Vic)
- surveying *Thaumatoperla alpina* (Alpine Stonefly) using voluntary conservation dogs (La Trobe Uni)
- nutrient surveys on endemic alpine shrubs and grasses, as part of the Nutrient Network Global Grassland Experiment (Monash Uni)
- interaction between vegetation and snow (Deakin Uni)
- heat tolerance of alpine plants in wet and dry soil conditions (Deakin Uni)
- shrub encroachment and nutrient cycling due to snow (Deakin Uni)
- vegetation dynamics and drought (Deakin Uni/La Trobe Uni)
- thermal tolerance of flora exposed to drought (Deakin Uni)
- weeds within the resort (La Trobe Uni)
- genetics of Bogong moth populations (DELWP / Cesar)
- Bogong moth monitoring methodologies (FCARMB / La Trobe Uni)



KEY METRICS



The summary table below provides some of the key metrics being monitored by resort management, including measures of performance on environmental criteria and sustainability initiatives.

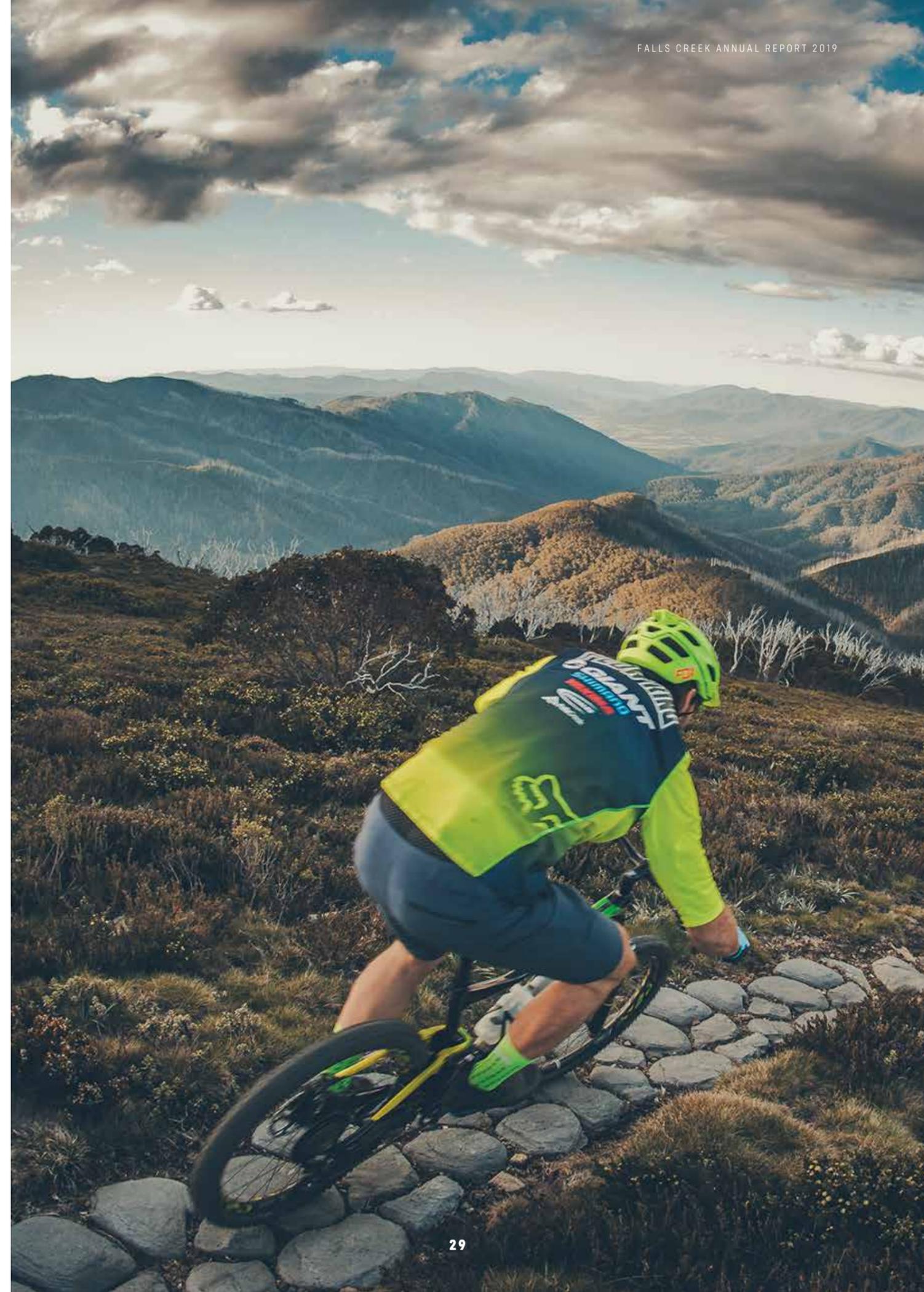
Table 1: Key metrics including environmental performance

WINTER METRICS	UNIT	2019	2018	2017
Declared snow season	days	121	121	127
Lifted skiing operations	days	121	121	127
Maximum natural snow depth	cm	162	217	217
Total natural accumulated snowfall	cm	272	391	473
Village ski in / ski out	days	77	106	82
Total visitor days	days	465,457	468,490	451,961
SUMMER METRICS				
Total visitor days	days	170,295	175,487	169,684
Summer events	number	17	18	17
WATER USAGE				
Annual potable water consumption	ML	154	174	177
Annual potable water usage per visitor	kL	0.581	0.629	0.636
Annual potable water usage per visitor day	kL	0.242	0.270	0.285
Annual discharge of treated water to catchment	ML	138	146	134
Compliance with statutory and licence conditions:				
Safe Drinking Water Act	%	100%	100%	100%
EPA licence conditions	%	100%	100%	100%
ENERGY USAGE				
Greenhouse gas emissions resulting from:				
Electricity usage	CO2e	1,172	1,205	
LPG usage	CO2e	223	217	
Diesel and unleaded petrol usage	CO2e	326	356	
Renewable energy consumed *	%	> 5%	> 5%	
*Electricity contracts include 5% renewable energy, but actual renewable proportion may be higher due to close proximity to hydro scheme. FCRM's electricity provider is unable to provide the exact renewable percentage.				
WASTE DATA				
Total waste	tonne	776.0	748.4	683.7
Waste disposed to landfill	tonne	390.0	400.6	413.4
Waste recovered	tonne	386.5	347.8	270.3
Waste diverted from landfill	%	50%	46%	40%
Waste disposed to landfill per visitor day	kg	0.61	0.62	0.67
PAPER USAGE				
A4 equivalent copy paper used	reams	156	164	185
A4 equivalent copy paper used per FTE	reams/FTE	4.6	4.7	5.8
Percentage of recycled content	%	100%	30%	20%

 **635,000**
VISITOR DAYS
ANNUALLY

 **465,000**
WINTER

 **170,000**
SUMMER



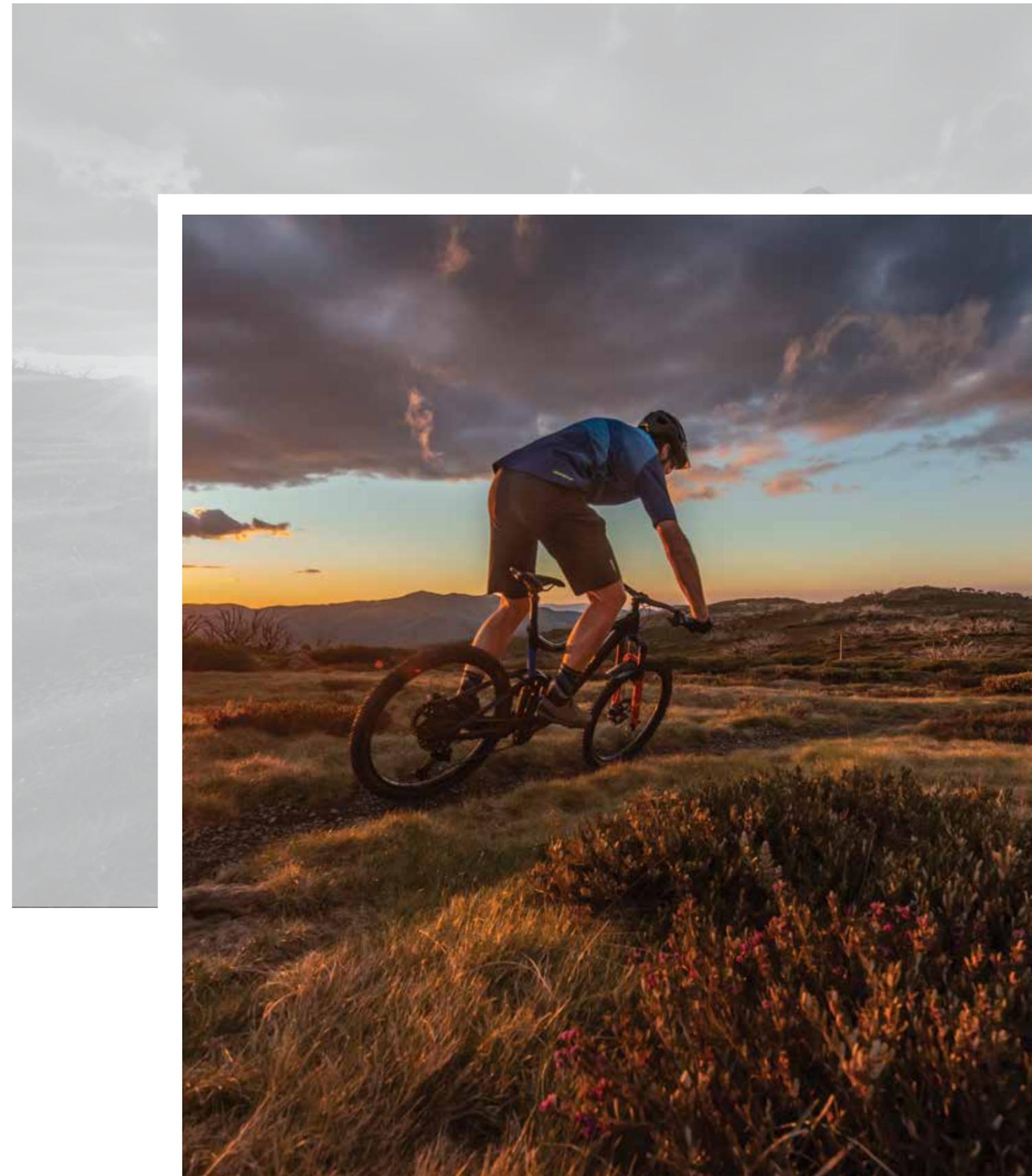
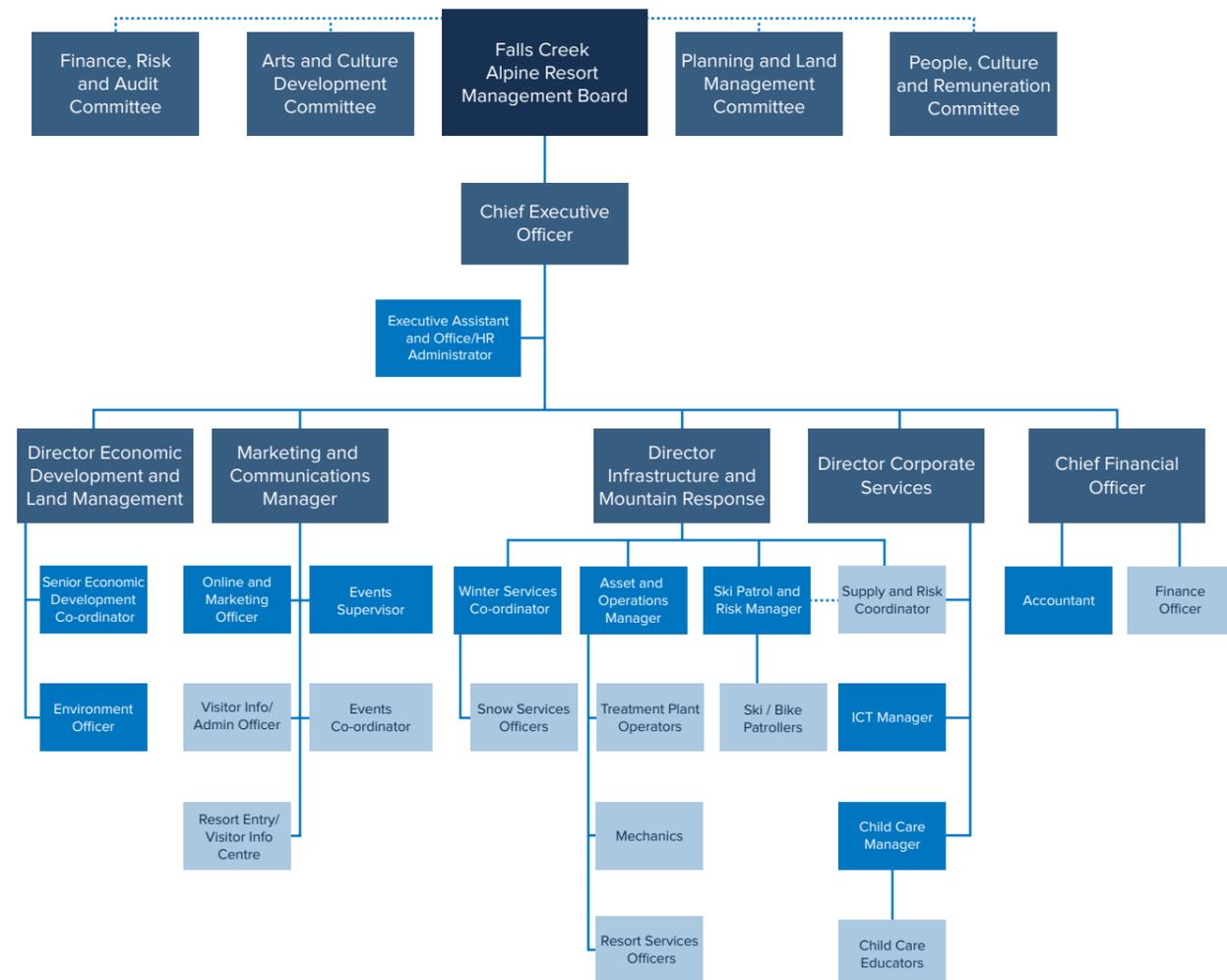
ORGANISATIONAL STRUCTURE

FCRM's functional structure includes the following defined areas:

- Economic Development and Land Management;
- Marketing and Communications;
- Corporate Services; and
- Infrastructure and Mountain Response.

The Corporate Services function has been split into a Finance team responsible for financial matters and headed by the Chief Financial Officer (CFO), and a Corporate Services function with responsibility for compliance, risk, governance, procurement, information and communication technology and the Falls Creek Child Care Centre and Bush Kindergarten.

FCRM's organisational structure at 31 December 2019 is outlined in the following chart.



BOARD PROFILE

JO SHANNON

1 JANUARY TO 31 DECEMBER 2019

Chair Jo Shannon brings to the Board over 20 years' experience in financial management and corporate governance in local government, alpine resorts, hospitality and the health sector. She is currently the Director Community and Corporate Services with Towong Shire Council and leads the Secretariat team for Rural Councils Victoria Inc. Prior to local government, Jo's management experience was gained in Melbourne media and technology companies and the alpine sector where she was employed by the Falls Creek Alpine Resort Management Board as the CFO and senior executive, leaving in 2013 to pursue other professional opportunities. More recently, Jo has served as a member of the Mount Hotham Alpine Resort Management Board and as Chair of its Audit Committee. As a keen skier and bushwalker, Jo has spent extensive time in the Victorian and NSW Alps and has travelled to many overseas ski resorts in North America, Europe and Japan. She is a full member of Albury Ski Club and an associate of Myrtleford Ski Club and has been part of the broader Falls Creek community for over 20 years. Now living in Albury, Jo considers herself very fortunate to have lived for 15 years in Mount Beauty, raising a young family and serving on a range of community boards, including the Alpine Health Board of Management, Alpine Shire Council Audit Committee and the local Bendigo Community Bank. Jo is committed to engaging communities to deliver a range of sustainable strategic outcomes as Falls Creek positions itself for the future.

LINDY ALLEN

1 JANUARY TO 31 DECEMBER 2019

Lindy is a highly-experienced senior executive currently operating Living-Proof Media, an independent consultancy to the arts offering services including documentation, evaluation, writing and editing for publication. Recent professional roles include CEO of Regional Arts Australia (2013-2014) and CEO of Regional Arts Victoria (2004-2012). During 2012-2013, Lindy was Executive Producer for the Centenary of Canberra's largest national community engagement program, One River, spanning four states and a territory. Current board roles include the Cultural Development Network and Winton Wetlands. Former board roles include Narrandera-based arts organisation, the Cad Factory, Lakes Entrance-based Aboriginal cultural organisation Wurrinbeena, Regional Arts Australia and the Australian Children's Theatre Foundation. Other roles include judge and mentor for the Victorian Tourism Industry Commission RACV Tourism Awards.

Professional qualifications include Bachelor of Arts (University of Melbourne), Graduate Diploma Arts Management (University of South Australia), photojournalism major, Bachelor of Creative Arts (Latrobe University, Bendigo) and Graduate Australian Institute of Company Directors (GAICD).

SUE LEBISH

1 JANUARY TO 31 DECEMBER 2019

Sue has over twenty years' professional and senior management experience in state government, university, defence and the banking sectors providing finance, governance, project and risk management roles in Queensland, Canberra and Victoria. Sue's current board roles include the Mt Hotham Alpine Resort Management Board, Mt Buller & Mt Stirling Alpine Resort Management Board, Winton Wetlands Committee of Management, Chair of the Audit Committee for the Alpine Shire and she has held various other board appointments in government owned and university research corporations. Sue's formal qualifications include a graduate of the Australian Institute of Company Directors, a Master of Business Administration, a Bachelor of Commerce and a Certified Practising Accountant. Sue is also a Fellow of the Governance Institute of Australia and a member of the Australian Risk Policy Institute. She lives locally and is a keen skier who has visited Falls Creek since the 1980's and has a strong belief in the commercial, ecological and social value of the alpine regions to the local and regional communities.

JASON ALEXANDRA

1 JANUARY TO 31 DECEMBER 2019

Jason Alexandra has over 30 years' experience working on sustainability and natural resources management (NRM) operating consulting, revegetation and farming businesses and working in senior roles in national and international organisations.

Jason has been a Director of Land & Water Australia and the Port Phillip CMA. As the Executive Director of the Earthwatch Institute, Jason initiated the successful citizen science program ClimateWatch. Between 2008 and 2013, Jason was a senior executive at the Murray Darling Basin Authority with responsibilities for NRM, water reform, climate science and ecosystem management.

As the managing director of Alexandra and Associates Pty Ltd, Jason has completed over 100 consulting projects on sustainability, natural resources management, environment and water policy.

Jason has a long term love affair with Victoria's alpine regions as a bushwalker and skier.

MICHELLE CROUGHAN

1 JANUARY TO 31 DECEMBER 2019

Michelle has worked in local and state government as a planner for over 20 years, with a particular focus on the management of the planning system. Michelle was the Manager of Alpine Planning for the Victorian Government for a number of years and over the last 15 years has spent considerable periods of time in ski resorts in Australia and Japan with her family. She is currently a consultant providing advice and advocacy about planning policy and strategy. Michelle is a Graduate Member of the Australian Institute of Company Directors, has an Honours Degree in Planning and Design at Melbourne University and a Diploma in Business Management at RMIT.

HELEN MORAN

1 JANUARY TO 31 DECEMBER 2019

Helen Moran is an accomplished executive leader, possessing extensive business and commercial knowledge and expertise within the ski resort and tourism industries. Helen has a demonstrated track record of providing tangible results that positively impact on organisational performance. Helen is experienced at initiating strategic change that positively impacts on efficiency and bottom line profitability, without compromising quality of service or standards. Adept at providing leadership throughout an organisation, and recognised as a strategic thinker and leader within the industry, Helen's past experience on various committees and boards in the alpine resort area and generally in tourism allows her to contribute towards the future direction of Victoria's Alpine Resorts.

PETER VALERIO

1 JANUARY TO 31 DECEMBER 2019

Peter has over 30 years' experience in commercial, public sector and business roles within the tourism sector and is widely respected for his destination marketing expertise. In his early career, he was general manager for one of Australia's largest ski tour operators and accommodation providers. He is a former senior executive of the Australian Tourist Commission where he was responsible for evaluating the Commission's global marketing program, strategic analysis and resource allocation. He was part of the ATC team that developed 'destination branding' – an approach to destination marketing that has been adopted around the world. For the past 23 years, he has provided consulting services to a wide range of destinations in the form of tourism strategies, plans and related market analysis. He led the rebranding of Far North Queensland, guided the Hong Kong Tourism Board's strategy in the post-handover period and assisted in the development of three consecutive Tourism Master Plans for NSW. He has also advised a wide range of private sector tourism industry clients in most sectors of the tourism industry. More recently, he has assisted NSW National Parks & Wildlife Service in areas of asset management, consumer experience and product development. He is a former faculty member of Hawaii's Executive Development Institute for Tourism where he delivered executive training modules in tourism marketing and market research. He is married with four children and lives in NE Victoria.



BOARD COMMITTEES

The Board meets regularly and operates with a Committee structure as detailed below to meet accepted principles of good governance and compliance requirements and to assist with the work of management and the Board.

FINANCE, RISK AND AUDIT COMMITTEE

The primary objective of the Finance, Risk and Audit Committee (FRAC) is to assist the Board to fulfil its corporate governance and oversight responsibilities relating to financial accounting practices, risk management, internal control systems, external reporting and the internal and external audit functions.

All the Committee are independent, non-executive members. The FRAC has appropriate financial and industry expertise, and members are financially literate and have an appropriate understanding of the operation of the Resort Management Board.

Membership for the 2019 year included:

- Sue Lebish (Chair)
- Lindy Allen (from July 2019)
- Jo Shannon (to July 2019)
- Michelle Croughan
- Helen Moran

FRAC Duties and Responsibilities:

The FRAC has a range of duties and responsibilities to fulfil as a Committee of the Board. In summary, these duties include:

- a) reviewing the program and the audits conducted both by the organisation's internal and external auditors;
- b) maintaining open lines of communication with the Board, the internal auditors and the external auditors;
- c) reviewing the financial information to be presented by management to the Department of Environment, Land, Water and Planning (DELWP);
- d) reviewing the adequacy of internal controls;
- e) oversight of compliance and recommendations to the Board as to appropriate policies and governance; and
- f) reviewing the Risk Management Framework and critical risks from the Risk Register.

Substantial work and effort was directed to standardise, streamline and improve reporting and processes; monitor and benchmark risk management performance; revise strategic documentation and policies; ensure procurement probity; and enhance governance and compliance.

PLANNING AND LAND MANAGEMENT COMMITTEE

This committee assists the Board in fulfilling its responsibilities relating to planning and land management within the resort.

Membership during 2019 included:

- Jason Alexandra (Chair)
- Sue Lebish
- Michelle Croughan
- Peter Valerio



ARTS AND CULTURAL DEVELOPMENT COMMITTEE

This committee was formed in 2016 to develop an arts and culture strategy to connect key points identified in the Falls Creek Master Plan. The committee oversees the implementation of this strategy which provides a clear framework for development of arts and culture in the resort.

Membership during 2019 included:

- Lindy Allen (Chair)
- Peter Valerio
- Debbie Howie (Falls Creek Chamber of Commerce representative)
- Lisa Logan (Falls Creek community representative)
- Karen Smythe (Falls Creek Historical Society representative)

PEOPLE, CULTURE AND REMUNERATION COMMITTEE

This Committee's charter was expanded in 2019 to include a greater focus on people and culture across the organisation, in addition to responsibility for the appointment and performance monitoring of the CEO and executive remuneration policies, reporting and performance. Subsequently, the Committee's name was changed to the People, Culture and Remuneration Committee.

Membership during 2019 included:

- Helen Moran (Chair)
- Jason Alexandra
- Sue Lebish
- Jo Shannon

BOARD AND COMMITTEE ATTENDANCE

NAME	BOARD	PLANNING AND LAND MANAGEMENT COMMITTEE	FINANCE, RISK AND AUDIT COMMITTEE	ARTS AND CULTURAL DEVELOPMENT COMMITTEE	PEOPLE, CULTURE AND REMUNERATION COMMITTEE
Jo Shannon	7/7		4/4		3/3
Lindy Allen	5/7		2/3	4/4	
Jason Alexandra	6/7	4/5			3/3
Sue Lebish	7/7	4/5	6/7		2/3
Michelle Croughan	7/7	4/5	6/7		
Helen Moran	7/7		7/7		3/3
Peter Valerio	7/7	5/5		4/4	
Debbie Howie				2/4	
Karen Smythe				2/4	
Lisa Logan				1/4	

Note: Excludes sub-committee meetings attended by Board members in an observational or invited capacity, when they're not members of that sub-committee. Also excludes management who attend by standing invitation but not in an official Committee membership capacity.

OH&S AND HUMAN RESOURCES

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

FCRM is committed to providing a safe and healthy workplace. The OH&S strategy is to ensure that employees, contractors, guests and visitors remain safe and healthy at work and while enjoying the alpine activities that Falls Creek has on offer. Some of the OH&S actions, initiatives and programs in 2019 included:

- addressing items in the Health and Safety Action / Improvement Plans;
- upgrades to safety / personal protective equipment;
- workplace safety discussions – daily “toolbox/morning briefing” meetings for all ski patrol and other outdoor crew;

- version upgrade of the online Work Health & Safety (WHS) system which now provides enhanced reporting and intuitive user friendly access to online inductions, incident/hazard/near miss reporting, policies, work practices, forms, contractor licences, certificates and insurances and a broad range of other OH&S information, data, registers and documents;
- flu vaccination and employee assistance program;
- ongoing revisions and updates to the suite of WHS / OH&S documentation across the organisation;
- continued development of Safe Work Method Statements (SWMS) covering high risk work activities;
- ongoing staff training to meet requirements in safety compliance, emergency management and personal development; and
- workplace inspection program, evacuation drills and other regular OH&S tasks to ensure resort safety and compliance.



OH&S PERFORMANCE				
MEASURE	KPI	2019	2018	2017
Incidents	Number of Incidents	53	83	69
	Rate per 100 FTE	155.9	237.1	215.6
	No. of incidents requiring first aid and/or further medical treatment	17	24	19
Claims	Number of standard claims	8	5	3
	Rate per 100 FTE	23.5	14.3	9.4
	Number of lost time claims	4	5	3
	Rate per 100 FTE	11.8	14.3	9.4
	Number of claims exceeding 13 weeks	2	0	1
	Rate per 100 FTE	5.9	0.0	3.1
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per claim	\$27,307	\$3,854	\$14,457
Return to Work (RTW)	Percentage of claims with RTW plan < 30 days	100%	100%	67%
Management commitment	OH&S policy statement, OH&S objectives, regular reporting to Board and senior management of OH&S, and OH&S plans	completed	completed	completed
	Evidence of OH&S criteria(s) in purchasing guidelines (including goods, services and personnel)	completed	completed	completed
Consultation and participation	Evidence of agreed structure of designated work groups (DWGs), health & safety representatives (HSRs) and issue resolution procedures (IRPs).	completed	completed	completed
	Compliance with agreed structure on DWGs, HSRs and IRPs	completed	completed	completed
	Number of OH&S Committee meetings	8	7	6
Risk management	Percentage of internal audits/inspections conducted as planned:	100%	75%	70%
	Percentage of reported incidents investigated	0	0	0
	No. of Improvement Notices issued by WorkSafe Inspector			
	Percentage of issues identified actioned arising from:			
	- internal audits/inspections	100%	100%	100%
	- HSR provisional improvement notices	0%	0%	0%
	- WorkSafe notices	0%	0%	0%
Training	Percentage of managers and staff that have received OH&S training:			
	- Induction (including contractors and temps)	100%	100%	100%
	- Management training	100%	73%	80%
	Percentage of HSRs trained:			
	- Acceptance of role	100%	100%	100%
	- Re-training (refresher)	100%	100%	100%
	- Reporting of incidents and injuries	100%	100%	100%

The number of incidents decreased in 2019 by 36% to 53, of which 17 required first aid and/or medical treatment. However, the number of WorkCover claims rose to 8 with half of those resulting in lost time due to the injuries sustained. The WorkCover claims related to various musculoskeletal injuries, some of which required surgical intervention. Due to the surgery and rehabilitation required for 2 longer-term claims, there was a subsequent increase in the average cost per claim. All internal audits and inspections were conducted as scheduled. There was an increase in the number of investigations through a greater awareness of OH&S responsibilities and reviews into all equipment damage.

INDUSTRIAL RELATIONS

The ratification of the four year Enterprise Agreement (EA) in October 2016 provided for annual wage increases in exchange for identified savings and aligned indoor and outdoor employee pay-bands and classifications. A small number of EA queries have been subsequently clarified and some employees have entered into individual flexibility arrangements. There was no lost time during the year from industrial disputes. As the current EA expires on 30 June 2020, initial planning and consultation meetings for the new EA will commence during 2019.

WORKFORCE DATA														
	DECEMBER 2019						DECEMBER 2018							
	ALL EMPLOYEES		ONGOING			FIXED TERM/ CASUAL		ALL EMPLOYEES		ONGOING			FIXED TERM/ CASUAL	
	H/C	FTE	FULL-TIME H/C	PART-TIME H/C	FTE	H/C	FTE	H/C	FTE	FULL-TIME H/C	PART-TIME H/C	FTE	H/C	FTE
DEMOGRAPHIC DATA														
Gender														
Male	29	23	13	2	14	14	9	27	22	13	3	15	11	7
Female	17	11	6	2	7	9	4	17	13	9	2	10	6	3
Self-described	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Age														
15-24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25-34	9	5	3	0	3	6	2	9	7	5	1	6	3	1
35-44	16	12	9	2	10	5	2	16	13	10	2	11	4	2
45-54	12	10	4	1	5	7	5	14	12	6	1	7	7	5
55-64	8	6	3	1	3	4	3	4	2	1	1	1	2	1
65+	1	1	0	0	0	1	1	1	1	0	0	0	1	1
CLASSIFICATION DATA														
Band 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Band 3	5	1	0	0	0	5	1	4	2	0	1	1	3	1
Band 4	9	7	2	0	2	7	5	10	7	5	0	5	5	2
Band 5	18	13	10	2	11	6	2	14	10	8	2	9	4	1
Band 6	5	5	4	1	5	0	0	6	6	5	1	6	0	0
Band 7	4	3	3	1	3	0	0	5	5	4	1	5	0	0
Executives	5	5	0	0	0	5	5	5	5	0	0	0	5	5
Total Employees	46	34	19	4	21	23	13	44	35	22	5	25	17	10

Abbreviations: H/C = Headcount; FTE = Full-time Equivalent; n = no-one has identified in the category

Note: FTE figures in above table are rounded to the nearest whole number, so there may be rounding errors for some totals.



COMPLIANCE ITEMS

STATUTORY UNDERTAKINGS

The statutory undertakings of the Board are:

- as a Board of Management under the *Alpine Resorts (Management) Act 1997* to manage the land at Falls Creek declared to be an alpine resort and to deliver the functions and services specified in the Act;
- to act as a Committee of Management under the *Crown Land (Reserves) Act 1978*, and to exercise the powers conferred under that Act;
- to provide the services of a municipal council for the purposes of the *Emergency Management Act 1986* and Division 2A of Part 9 of the *Environmental Protection Act 1970*;
- to administer and enforce Parts 3, 4, 5, 7 and 8 of the *Building Act 1993* and the building regulations in the resort;
- to regulate traffic and parking within the resort as a prescribed Public Authority under the *Road Safety Act 1986*;
- to provide public health services within the resort under the provisions of the *Public Health and Wellbeing Act 2008* and *Food Act 1984*; and
- to consider applications for planning permits in accordance with Sections 52 and 55 of the *Planning and Environment Act 1987*. The Minister with administrative responsibility for Alpine Resorts and responsible for the *Crown Land (Reserves) Act 1978* is the Minister for Energy, Environment and Climate Change.

NATURE AND SCOPE OF ACTIVITIES

The Board provides a range of services to the community and resort visitors determined by clearly defined functions under the *Alpine Resorts (Management) Act 1997*, which require the Board to:

- plan for the development, promotion, management and use of the resort in accordance with the object of the Act;
- develop and promote, or facilitate the development or promotion by others of the use of the resort in accordance with the object of the Act;

- manage the resort in accordance with the object of the Act;
- contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole;
- undertake research into alpine resort issues;
- contribute to and support the operation of the Alpine Resorts Co-ordinating Council;
- prepare and implement a Strategic Management Plan for the resort;
- expend or apply revenue of the Board in accordance with a direction of the Minister under section 36(A) of the Act;
- act as a committee of management of any Crown land deemed to be permanently reserved under the *Crown Land (Reserves) Act 1978* in the resort;
- contribute, together with Tourism Victoria, established under the *Tourism Victoria Act 1992*, and the Council, to the overall promotion of alpine resorts; to develop a tourism and marketing strategy for and to promote the resort and to collect and expend voluntary contributions from commercial undertakings in the resort for this purpose;
- provide services in the nature of:
 - garbage disposal
 - water supply
 - gas
 - drainage
 - sewerage
 - electricity
 - roads
 - fire protection
 - transport for the resort
- collect fees prescribed by the regulations for the resort;
- attract investment for the improvement of the resort in respect of which the Board is established; and
- carry out any other function conferred on the Board

LEGISLATIVE AND REGULATORY COMPLIANCE

There is a wide range of legislative and regulatory requirements and deadlines that govern the Board's activities and behaviour. Those with a major influence on performance and success, together with brief details of our compliance outcomes are:

Alpine Resorts (Management) Act 1997

The object of this Act is to make provision in respect of alpine resorts:

- for the development, promotion, management and use of the resorts on a sustainable basis and in a manner that is compatible with the alpine environment, having regard to environmental and ecological considerations (in particular, climate change), economic considerations, and cultural heritage considerations (in particular, indigenous cultural heritage considerations); and
- for the use of the resorts primarily for alpine recreation and tourism, in all seasons of the year and by persons from varied cultural and economic groups.

Compliance obligations under this Act were met through:

- preparation of a Corporate Plan in accordance with Section 53;
- fixing contributions for specified services in accordance with Section 13;
- notifying the Minister of significant affecting events in accordance with Section 55;
- the keeping of a General Account in accordance with Section 56;
- delivery of the functions prescribed in Section 38;
- exercise of powers in accordance with Section 39;
- employment of staff in accordance with Section 41;
- conduct of proceedings and disclosure of interest in accordance with Sections 51 and 52;
- granting of leases in accordance with Part 2; and
- preparation of a Strategic Management Plan in accordance with Section 56.

Alpine Resorts (Management) Regulations 2009

Regulatory obligations have been met by:

- declaration of the Snow Season;
- setting aside areas where activities are prohibited or restricted;
- setting aside areas where entry is prohibited or restricted;
- setting aside areas to be used for certain purposes;
- granting of Authorities for certain purposes; and
- managing entry and permits for other uses in accordance with Parts 2 and 3.

Building Act 1993

FCRM is responsible for the application of this Act in much the same way as a municipal council and the nominated Municipal Building Surveyor for the resort is Phil Davern. Each building within the resort area has been scheduled for inspection to ensure that the regular maintenance of essential services installed has occurred to the required operational level at the required frequency. These inspections occur over a 3 year inspection cycle.

Catchment and Land Protection Act 1994

Falls Creek continued programs in accordance with the requirements of this Act.

Works included:

- control of noxious weeds;
- control of pest animals;
- control of State Prohibited Weeds; and
- ensured the health of land and waterways within the resort and their impacts within the catchment.

Crown Land (Reserves) Act 1978

- exercise of the powers of a committee of management; and
- granting of licences in accordance with Section 7.

Emergency Management Act 1986

Falls Creek Resort Management Board is deemed to be a municipal council for the purposes of this Act and has:

- prepared and maintained a Municipal Emergency Management Plan in accordance with Section 20; and
- complied with Section 2 in relation to coordination and planning and audit of the plan.

Environment Protection Act 1970

Participation in the regional waste management group North East Waste and Resource Recovery Group (NEWRRG) and the development of a regional waste management plan were central to meeting the obligations under this Act. Sewerage treatment operation was compliant with our EPA licence and an annual report was presented to the EPA by year end in accordance with the licence.

Financial Management Act 1994

Refer to Financial Statements.

Food Act 1984 and Public Health and Wellbeing Act 2008

Obligations and responsibilities under these Acts are met under Ministerial delegation to the Indigo Shire.

Freedom of Information Act 1982

This Act allows the public a right of access to documents held by the Board.

Freedom of Information requests are made in writing describing the documents requested and including payment of the \$28.90 application fee. Further charges may be payable. FOI fees and charges are not subject to GST.

Requests should be sent to Freedom of Information Officer, Craig Thompson. The telephone contact number is (03) 5758-1200.

Enquiries can be emailed to fcrm@falls creek.com.au

Requests for access to documents should be in writing and directed to:

Falls Creek Resort Management
PO Box 50, Falls Creek, Victoria 3699

In the reporting period, there were 2 requests where the requester did not proceed with their application.

Local Jobs First Act 2003

Previously named the *Victorian Industry Participation Policy Act 2003*, this Act requires public bodies and Departments to report on the implementation of the Victorian Industry Participation Policy (VIPPP) for all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria. In 2019, there were no tenders above \$1 million.

Occupational Health & Safety Act 2004

Refer to OH&S on page 36-37.

Planning & Environment Act 1987

Falls Creek fulfilled its role as a referral authority and as a land management agency under this Act.

Privacy and Data Protection Act 2014

This Act protects the privacy of personal information and data when it is handled by Victorian Public Sector (VPS) organisations, and by private or community sector organisations who are carrying out functions for or on behalf of VPS organisations. FCRM complies with the strict data and information obligations required under this Act.

Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* (PD Act) enables people to make disclosures about improper conduct by public officers and public bodies. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a protected disclosure?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. FCARMB is a public body for the purposes of the Act.

What is improper or corrupt conduct?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources
- risk to public health or safety or the environment
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a Protected Disclosure?

You can make a protected disclosure about FCARMB or its board members, officers or employees by contacting IBAC on the contact details provided below. Please note that FCARMB is not able to receive protected disclosures.

How can I access FCARMB's procedures for the protection of persons from detrimental action?

FCARMB has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about the organisation or its employees. You can access FCARMB's procedures on its website.

Contacts

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

Address: Level 1, North Tower,
459 Collins Street, Melbourne Victoria 3000.

Mail: IBAC, GPO Box 24234,
Melbourne Victoria 3001

Internet: www.ibac.vic.gov.au

Phone: 1300 735 135

Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

Public Administration Act 2004

The purpose of this Act is to provide a framework for good governance in the Victorian public sector and to establish the Victorian Public Sector Commission (VPSC).

A number of divisions of the Act have applied to FCRM since the Act commenced. These include Board responsibilities to uphold and promote public sector values and employment principles.

Road Management Act 2004

Falls Creek maintains a roads register as required by this Act.

Road Safety Act 1986

Falls Creek exercised its role as a public authority for the purposes of this Act.

Safe Drinking Water Act 2003

The resort met its testing and monitoring obligations prescribed by this Act.

Falls Creek's annual report on its water supply responsibilities and testing was submitted to the Department of Health.

Competitive Neutrality Policy

Competitive neutrality is a guiding principle of the Competitive Neutrality Policy and requires that the Board should compete with private sector businesses on the same footing. The Board complies with the Victorian Government policies in regard to Competitive Neutrality Policy.

Women, Aged, Youth and Indigenous Affairs

The Board is committed to policies, programs and strategies aimed at delivering culturally appropriate services to all Victorians. In carrying out its business the Board ensures that there is female representation and equity and involves women in consultation, decision-making, leadership and equality of opportunity.

The Board abides by Aboriginal Affairs Victoria's reporting requirements.

Capital Projects

FCRM manages a number of capital projects, none of which exceeded the \$10m disclosure threshold. For information on recent capital projects managed by FCRM and the broader Victorian public sector, please refer to the most recent Budget Paper No. 4 State Capital Program (BP4) available on the Department of Treasury and Finance's website at this link: <https://www.budget.vic.gov.au/budget-papers>

Contracts

The management of Board contracts is governed by its expenditure and contract approval policy and delegations register.

The Board did not enter into any contracts greater than \$10 million in value during the reporting period.

Public Administration Values and Employment Principles

FCRM continued its commitment to the principles of merit and equity in human resource management. All appointments and promotions conducted during the reporting period were based on competitive selection processes. These selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

The organisation continues to implement the directions of the Victorian Public Sector Commission with respect to upholding public sector conduct, managing and valuing diversity, managing underperformance, reviewing personal grievances and selecting on merit. Employees have been correctly classified in workforce data collections.

Factors Influencing Board's Performance

There were no major changes or factors affecting the Board's performance during the year.

Events Subsequent to Reporting Date

Subsequent events are detailed in note 1.2 on page 54 of the financial statements.

Overseas Travel

During 2019, there was one overseas visit made by an FCRM employee for the purpose of a ski patroller exchange placement at Squaw Valley, California. FCRM expenditure on these visits was restricted to visa applications only.

Government Advertising Expenditure

No Government Advertising Expenditure was incurred by FCRM during the reporting period.

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian

Government in 2012, any data tables produced by the Falls Creek Alpine Resort Management Board will be available at www.data.vic.gov.au in machine readable format.

Other Available Information

The following information is available on request, subject to the *Freedom of Information Act 1982*:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes; and
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.



Consultancy Expenditure

The selection and engagement of consultants is based on obtaining competitive public or restricted offers through open and effective competition, observing accountability requirements and achieving value for money.

Details of individual consultancies valued at greater than \$10,000

In 2019, there were three consultancies where the total fees payable to the consultants was \$10,000 or greater. The total expenditure incurred during 2019 in relation to these consultancies was \$222,408 (excluding GST). Details of these individual consultancies are outlined below.

Consultant	Purpose of consultancy	Total approved project fee (\$ excl. GST)	Expenditure 2019 (\$ excl. GST)	Future Expenditure (\$ excl. GST)
Available IT	ICT advice and audit	25,000	21,242	10,000
GHD Pty Ltd	Geotechnical risk mitigation and asset management	75,000	70,796	35,000
On Tap Consulting Pty Ltd	Technical and compliance advice	130,000	130,611	120,000

Details of consultancies under \$10,000

In 2019, Falls Creek Resort Management engaged two consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure in relation to these consultancies of \$7,099 (excluding GST).

Information and Communication Technology (ICT) expenditure

(\$ whole)

ICT expenditure type	2019	2018
ICT Business As Usual (BAU) expenditure	454,606	424,647
ICT Non-Business As Usual (non-BAU) expenditure:		
Operational expenditure	-	-
Capital expenditure	35,000	53,509
Total ICT expenditure	489,606	478,156

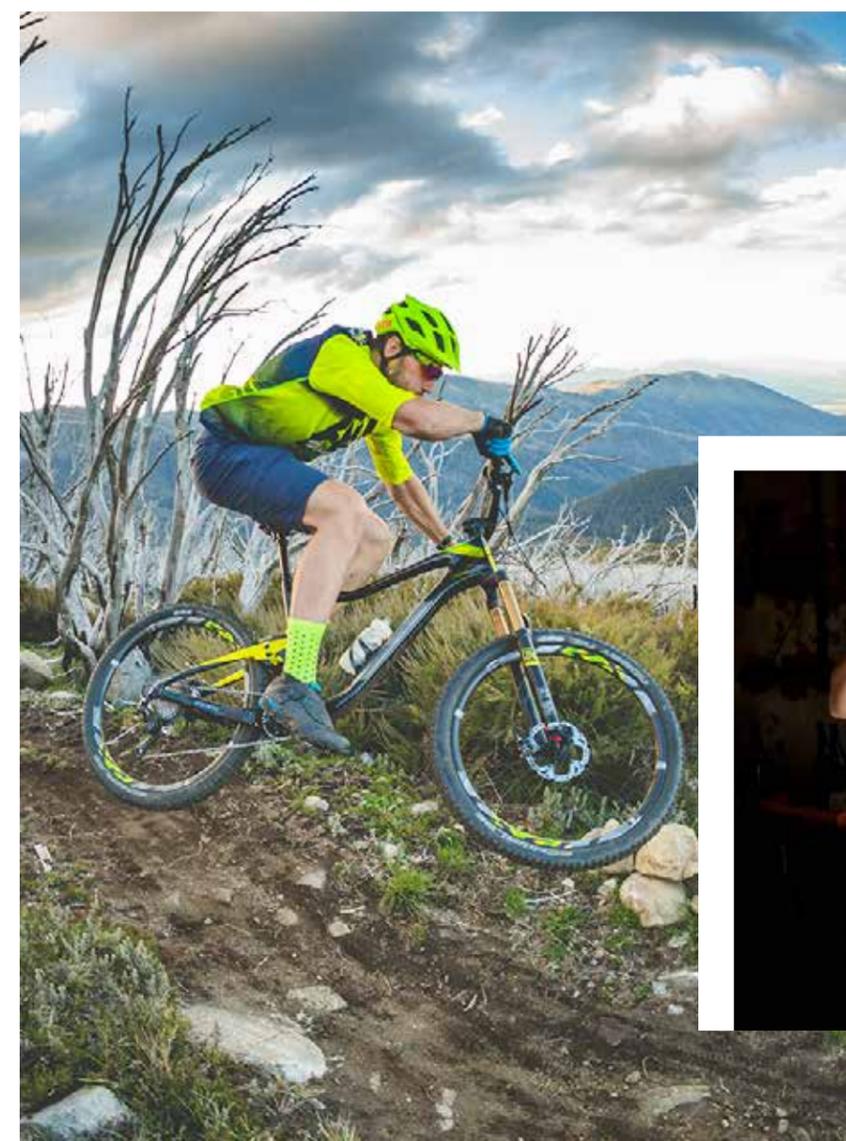
ATTESTATION

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Jo Shannon, on behalf of the Responsible Body, certify that the Falls Creek Alpine Resort Management Board has complied with the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions.



Jo Shannon
Board Chair
27 February 2019



HOW THE 2019 FINANCIAL STATEMENTS ARE STRUCTURED

Falls Creek Alpine Resort Management Board (FCARMB) has presented its audited general-purpose financial statements for the financial year ended 31 December 2019 in the following structure to provide users with the information about FCARMB's stewardship of resources entrusted to it.

FINANCIAL STATEMENTS

Declaration and Auditor's Report

Declaration by the Board Chair and Accountable Officers	47
Independent Auditor's Report	48

Financial Statements

Comprehensive Operating Statement	50
Balance Sheet	51
Cash Flow Statement	52
Statement of Changes in Equity	53

Notes to the Financial Statements

1. About this Report	54
The basis on which the financial statements have been prepared and compliance with reporting regulations	
1.1 Impact of the application of new AASB's	
1.2 Subsequent events – COVID-19	
2. Funding Delivery of Our Services	55
Revenue recognised from taxes, grants, sales of goods and services and other sources	
2.1 Site Rent and Service Charges	
2.2 Visitor Fees	
2.3 Other Income	
2.4 Government Contributions	
3. The Cost of Delivering Services	57
Operating expenses of FCRM	
3.1 Employee Benefits	
3.2 Expenses from Transactions Other than Employee Benefits	
3.3 Leases	
4. Key Assets Available to Support Service Delivery	63
Infrastructure and other assets utilised in fulfilling objectives	
4.1 Total Infrastructure, Property, Plant and Equipment	
4.2 Depreciation and Amortisation	

4.3 Reconciliation of Movements in Carrying Amounts of Property, Plant and Equipment	
4.4 Intangible Assets	
5. Other Assets and Liabilities	66
Working capital balances, and other key assets and liabilities	
5.1 Receivables	
5.2 Payables	
5.3 Inventories	
5.4 Prepayments	
5.5 Unearned Revenue	
6. How We Financed Our Operations	70
Borrowings, cash flow information, leases and assets pledged as security	
6.1 Borrowings	
6.2 Revenue Commitments	
6.3 Cash Flow Information and Balances	
6.4 Commitments for Expenditure	
7. Risks, Contingencies and Valuation Judgements	75
Financial risk management, contingent assets and liabilities as well as fair value determination	
7.1 Financial Instruments: Specific Disclosures	
7.2 Contingent Assets and Contingent Liabilities	
7.3 Fair Value Determination	
8. Other Disclosures	84
8.1 Ex-gratia Expenses	
8.2 Other Economic Flows included in Net Result	
8.3 Non-financial Assets Held for Sale	
8.4 Responsible Persons	
8.5 Remuneration of Executives	
8.6 Related Parties	
8.7 Remuneration of Auditors	
8.8 Australian Accounting Standards issued that are not yet effective	
8.9 Glossary of Technical Terms	
8.10 Style Conventions	

DECLARATION

DECLARATION BY THE BOARD CHAIR, ACCOUNTABLE OFFICER AND CHIEF FINANCIAL OFFICER

The attached financial statements for Falls Creek Alpine Resort Management Board have been prepared in accordance with Direction 5.2 of the Standing Directions 2018 under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes, presents fairly the financial transactions during the year ended 31 December 2019 and financial position of the Board at 31 December 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue 29 April 2020.



Jo Shannon
Board Chair

Falls Creek
29 April 2020



Stuart Smythe
Chief Executive Officer

Falls Creek
29 April 2020



Samantha Salmon
Chief Financial Officer

Falls Creek
29 April 2020



Independent Auditor's Report

To the Board of the Falls Creek Alpine Resort Management Board

Opinion	<p>I have audited the financial report of the Falls Creek Alpine Resort Management Board (the entity) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the Board Chair, Accountable Officer and Chief Financial Officer. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the entity as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Emphasis of Matter - COVID-19 Pandemic Subsequent Event	<p>I draw attention to Note 1.2 in the financial report, which describes the impact of the COVID-19 pandemic as a material subsequent event. My opinion is not modified with respect to this matter.</p>
Board's responsibilities for the financial report	<p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
30 April 2020

Paul Martin
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019			
	Notes	2019	2018
		\$	\$
Continuing operations			
Income from transactions			
Site rent and service charges	2.1	6,016,956	6,326,493
Visitor fees	2.2	4,870,273	4,506,227
Other income	2.3	1,370,223	1,239,609
Government contributions	2.4	433,557	245,513
Total income from transactions		12,691,009	12,317,842
Expenses from transactions			
Employee benefits	3.1	4,594,625	4,262,674
Contract payments, materials, services	3.2	3,459,519	3,281,037
Utilities and telecommunications	3.2	491,839	653,438
Depreciation and amortisation	4.2	2,242,222	2,107,788
Interest expenses	6.1.2	96,836	34,674
Marketing and communications	3.2	565,802	527,556
Administration and compliance	3.2	1,168,906	1,274,847
Total expenses from transactions		12,619,749	12,142,014
Net result from continuing operations		71,260	175,828
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.2	23,182	-
Impairment of infrastructure, property, plant and equipment		-	-
Other gain/(loss) from other economic activities	3.1	168	607
Total other economic flows included in net result		23,350	607
Net result		94,610	176,435
Other economic flows – other comprehensive income			
Changes in physical asset revaluation surplus		-	-
Total other economic flows – other comprehensive income		-	-
Comprehensive result		94,610	176,435

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2019			
	Notes	2019	2018
		\$	\$
Assets			
Financial assets			
Cash and deposits	6.3	1,803,496	1,681,193
Receivables	5.1	2,198,296	1,747,349
Total financial assets		4,001,792	3,428,542
Non-financial assets			
Inventories	5.3	42,070	20,548
Prepayments	5.4	327,315	332,458
Infrastructure, property, plant & equipment	4.1	86,829,101	87,437,227
Intangible assets	4.4	69,980	97,713
Right of Use Asset	3.3	2,178,870	-
Total non-financial assets		89,447,336	87,887,946
Total assets		93,449,128	91,316,488
Liabilities			
Payables	5.2	816,116	797,758
Unearned revenue	5.5	202,517	286,837
Borrowings	6.1	618,979	799,189
Provisions for employee benefits	3.1.1	853,680	755,294
Lease Liability	3.3	2,185,816	-
Total liabilities		4,677,107	2,639,078
Net assets		88,772,019	88,677,410
Equity			
Accumulated surplus		6,258,202	6,163,593
Asset revaluation reserve		41,077,529	41,077,529
Contributed capital		41,436,288	41,436,288
Net worth		88,772,019	88,677,410

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019			
	Notes	2019	2018
		\$	\$
Cash flows from operating activities			
Receipts			
Receipts in the course of operations		12,436,710	12,777,877
Receipts from Government		433,557	259,444
Receipts of insurance claims		122,363	58,041
Interest received		6,190	7,787
Total Receipts		12,998,821	13,103,149
Payments			
Payments to suppliers for goods and services		(6,398,622)	(6,602,116)
Payments to and on behalf of employees		(4,518,706)	(4,206,596)
Interest paid		(27,826)	(34,674)
Interest Paid – Lease Liability		(69,010)	-
Goods and Services Tax received/(paid) to the ATO ⁽¹⁾		(157,505)	(168,132)
Total Payments		(11,171,670)	(11,011,518)
Net cash flows from operating activities	6.3.1	1,827,151	2,091,631
Cash flows from investing activities			
Purchases of non-financial assets		(1,440,841)	(923,830)
Receipts from insurance claims		14,272	8,870
Sale of non-financial assets		25,500	22,000
Net cash flows (used in) investing activities		(1,401,069)	(892,960)
Cash flows from financing activities			
Owner contributions by State Government		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		(180,210)	(173,363)
Payment of Lease Liabilities		(123,571)	-
Net cash flows (used in) financing activities		(303,781)	(173,363)
Net increase in cash and deposits		122,303	1,025,308
Cash and deposits at beginning of period		1,681,193	655,885
Cash and deposits at end of period	6.3	1,803,496	1,681,193

The accompanying notes form part of these financial statements.

⁽¹⁾ Goods and Services Tax paid to the ATO is presented on a net basis.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019				
	ASSET REVALUATION RESERVE	ACCUMULATED SURPLUS	CONTRIBUTED CAPITAL	TOTAL
				\$
Balance as at 31 December 2017	41,077,529	5,987,158	41,436,288	88,500,975
Net result for the period	-	176,435	-	176,435
Capital contributions for the period	-	-	-	-
Balance as at 31 December 2018	41,077,529	6,163,593	41,436,288	88,677,410
Net result for the period	-	94,610	-	94,610
Balance as at 31 December 2019	41,077,529	6,258,202	41,436,288	88,772,019

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT THIS REPORT

The Falls Creek Alpine Resort Management Board (the Board) is a statutory authority of the State of Victoria, established under the *Alpine Resorts (Management) Act 1997*.

A description of the nature of its operations and its principal activities is included in the 'Report of Operations' which does not form part of these financial statements.

The principal address is:
Falls Creek Alpine Resort Management Board
1 Slalom Street,
Falls Creek VIC 3699

BASIS OF PREPARATION

These financial statements cover the Board as an individual reporting entity. These financial statements have been prepared on a going concern basis. During the 2018 Financial Year, the Board structure changed to consist of seven (7) members: three (3) unique Board members to Falls Creek Alpine Resort Management Board and four (4) Board members who are members of Falls Creek, Mt Hotham, Mt Buller & Mt Stirling Alpine Resort Management Boards. This structure continued through the 2019 Financial Year. This change in the Alpine Resort Management Board structure has not impacted the going concern of the organisation but has brought more collaboration between the Resorts involved.

These financial statements are in whole Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Board.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are

affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are to be disclosed in the notes under the heading: 'Significant judgement or estimates.'

All amounts in the financial statements have been rounded to the nearest \$1 unless otherwise stated.

COMPLIANCE INFORMATION

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs) which include interpretations, issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

1.1 IMPACT OF THE APPLICATION OF NEW AASBS

During the 2019 Financial Year, the following AASBs were adopted for the preparation of these Financial Statements: AASB 9 Financial Instruments; AASB 15 Revenue from Contracts with Customers; AASB 16 Leases; AASB 1058 Income from Not-for-Profit Entities. The impact of each of these accounting policies are disclosed in greater detail in their applicable disclosure notes to the financial statements.

1.2 SUBSEQUENT EVENTS – COVID-19

On 16 March 2020 a state of emergency was declared in Victoria to deal with the spread of coronavirus. The state government has implemented a number of measures to reduce the spread of the virus. These measures include non-essential travel bans, with the end date currently unknown. As this situation unfolds, the impacts of this on the revenue of Falls Creek Resort Management is being assessed. At this time, the Board and management have determined that no conclusive information is currently available to evaluate what the financial impact may be.

The Department of Environment, Land Water and Planning (DELWP) has committed to continued support of Falls Creek and will reassess the need to offer additional financial support during 2020. With that in mind, it has been concluded that the going concern assumption continues to be appropriate for at least the next 12 months.

The Board has met to deliberate the response to potential negative impacts of COVID-19 and the initiatives to mitigate the risk to Falls Creek at a Board Meeting in April 2020. The Board and Management continue to work with DELWP through this scenario.

2. FUNDING DELIVERY OF OUR SERVICES

INTRODUCTION

The overall objective of the Board is to deliver, for our users and stakeholders, an unparalleled and unique world class all seasons Alpine resort, renowned for being Australia's premier leisure, lifestyle and adventure destination.

To enable the Board to fulfil its objective it receives contributions from site holders in accordance with its role as managers of Crown Land. The Board also receives income of visitor fees from the public visiting during the declared Snow Season. The Board also receives Government funding due to its status as a statutory authority.

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Income is recognised when or as the performance obligation has been completed and the customer has received the benefit of the goods or services being provided.

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when each performance obligation is satisfied per AASB 15. The performance obligations are varied based on the agreements. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements, there may be some

performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods, being either costs or time incurred, are deemed to be the most appropriate methods to reflect the transfer of benefit. Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. The Board considers whether there are any related liability or equity items associated with the assets which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised, then income is recognised for any remaining asset value at the time that the asset is received.

Income from grants is recognised in the comprehensive operating statement in line with the above unless there is a requirement to recognise a liability in accordance with any other Australian Accounting Standard or unless the consideration was received in order to construct a non-financial asset which will be controlled by the Board after construction. In the latter case, the income will be recognised in line with the construction of the asset. Where contributions are received within the same period of the construction of the asset, the cash will be recorded as revenue. Where the contribution is received as cash prior to commencement of construction, a liability to the value of the cash amount received will be included in the balance sheet which will effectively represent unearned income.

The above grants have been assessed as meeting the criteria of AASB 1058 as performance obligations are not specific to the receipt of funds but general in nature. The Board has recognised income as it has satisfied its obligations under the transfer.

2.1 SITE RENT AND SERVICE CHARGES

	2019	2018
	\$	\$
Service charges	4,425,259	4,718,573
Site rental	1,591,697	1,607,920
Total	6,016,956	6,326,493

Service charges are imposed on an annual basis, and revenue is recognised on an accrual basis. Service charges are calculated on a rate per bed and per square metre of commercial area held within each premise. A bed audit is conducted on a three-year cycle for each premise. Capital ingoings are charged when a site undertakes development that increases the site's capacity. These are once-off charges to cover the infrastructure costs needed to support the additional capacity and are included in the service charges line above. Capital ingoings are recognised when the development occurs. Site rental is recognised under the terms and conditions of each lease and in accordance with the Board's role as a Committee of Management of any Crown land deemed to be permanently reserved under the *Crown Lands Reserve Act 1978*. The general terms and conditions for site rental are based on a formal valuation undertaken on a three-year cycle for each site holder. During the years between valuations, site rental increases in-line with the CPI released by the Australian Bureau of Statistics.

NOTES TO THE FINANCIAL STATEMENTS

2.2 VISITOR FEES

	2019	2018
	\$	\$
Resort entry fees	4,732,144	4,371,149
Childcare services	138,129	135,078
Total	4,870,273	4,506,227

Revenue is recognised at the point of sale when services are rendered or when a rate/tariff is fixed for service charges levied under Section 13 of the *Alpine Resorts (Management) Act 1997*. Infringements are issued to guests who do not pay their visitor fees under the *Road Safety Act 1986* and the *Road Safety (General) Regulations 2009*. Infringement income is located below in note 2.3 Other income. Other income is recognised on an accrual basis.

2.3 OTHER INCOME

	2019	2018
	\$	\$
Ski patrol contributions	453,423	424,802
Co-operative marketing	183,462	148,653
Interest	6,190	8,792
Insurance recovery	135,337	66,911
Property and leasing fees	205,405	189,990
Sponsorships	25,909	25,909
Infringement income	19,057	9,555
Other income	341,440	364,997
Total	1,370,223	1,239,609

2.4 GOVERNMENT CONTRIBUTIONS

	2019	2018
	\$	\$
Victorian State Government	108,996	7,464
Commonwealth funding	305,015	228,799
Other funding (private or other government)	19,546	9,250
Total	433,557	245,513

Any contributions received from the Victorian State Government that are deemed as being in the nature of owner's contributions (appropriations) are accounted for as Equity - Contributed Capital in accordance with Financial Reporting Direction (FRD) 119A Transfers through Contributed Capital. Transfers with consideration that is significantly less than fair value primarily to enable the Board to further its objectives are called grants and are recognised as income in the profit and loss statement when the Board has satisfied its obligations under the transfer per AASB 1058 Income for Not-for-Profit Entities.

3. THE COST OF DELIVERING SERVICES

INTRODUCTION

This section provides information on the expenses incurred as part of the delivery of services. In note 2, the funds that enable the provision of services were disclosed and in this note the costs associated with the provision of services are recorded. Like note 2, this section discusses a number of the items on the comprehensive operating statement under 'expenses from transactions' as well as employee benefits listed in the balance sheet under liabilities, as provisions. Depreciation and amortisation are discussed in note 4 while interest expenses are discussed in note 6.

3.1 EMPLOYEE BENEFITS

	2019	2018
	\$	\$
Salaries and wages, annual leave and long service leave	4,231,404	3,913,952
Defined contribution superannuation expense	357,102	343,394
Defined benefit superannuation expense	6,119	5,328
Total	4,594,625	4,262,674

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, superannuation, leave entitlements, payroll tax, redundancy payments and WorkCover premiums.

The amount recognised in the Comprehensive Operating Statement in relation to superannuation is employee contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Department of Treasury and Finance (DTF) in their annual financial statements disclose on behalf of the State as the supporting employer, the net defined benefit cost related to the members of these plans as an administered liability. More detailed disclosures in relation to these plans can be obtained in DTF's Annual Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

3.1.1 EMPLOYEE BENEFITS IN THE BALANCE SHEET

	2019	2018
	\$	\$
Current provisions		
Annual leave		
Unconditional and expected to be settled within 12 months	132,132	128,782
Unconditional and expected to be settled after 12 months	28,643	33,966
Long service leave		
Unconditional and expected to be settled within 12 months	218,283	104,642
Unconditional and expected to be settled after 12 months	116,547	177,516
Provisions for on-costs		
Unconditional and expected to be settled within 12 months	27,153	29,222
Unconditional and expected to be settled after 12 months	35,043	24,907
Total current provisions for employee benefits	557,801	499,035
Non-current provisions		
Employee benefits	263,558	229,196
Employee benefits on-costs	32,321	27,063
Total non-current provisions	295,879	256,259
Total provisions for employee benefits	853,680	755,294

Employee benefits consist of salaries and wages, annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision. All amounts are measured at present values.

No provision has been made for sick leave as all sick leave is non-vesting and is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

RECONCILIATION OF MOVEMENT IN ON-COST PROVISION

	2019	2018
	\$	\$
Opening balance	80,687	85,560
Additional provisions recognised	45,643	24,901
Reductions arising from payments	(31,981)	(30,378)
Effect of change in discount rates	168	604
Closing balance	94,517	80,687
Current	62,196	53,725
Non-current	32,321	26,962
Total	94,517	80,687

3.1.2 SUPERANNUATION CONTRIBUTIONS

	PAID CONTRIBUTION FOR THE YEAR		CONTRIBUTION OUTSTANDING AT YEAR END	
	2019	2018	2019	2018
Defined benefits plan (i):				\$
ESS super	9,198	11,971	794	480
Defined contribution plans:				
Vic super	118,301	129,507	21,804	17,470
Other	261,313	292,807	65,628	41,375
Total	388,812	434,285	88,226	59,324

Note: (i) The basis for determining the level of contributions is determined by the actuary of the defined benefit superannuation plan.

Employees of the Board are entitled to receive superannuation benefits and the Board contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

As noted before, the defined benefit liability is recognised in DTF as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Board.

NOTES TO THE FINANCIAL STATEMENTS

3.2 EXPENSES FROM TRANSACTIONS OTHER THAN EMPLOYEE BENEFITS

The Board incurs many transactions to deliver its services. Costs incurred are recognised when goods are received or when services are provided. From the Comprehensive Operating Statement, the main areas of transactions are further defined below.

Contract payments, materials and services costs relate to those costs incurred with maintaining the infrastructure of the resort, such as transport facilities for guests during the declared snow season, waste services, sewerage and water supply, snow clearing, public shelters, equipment, etc. Many of these costs are bound by contracts held within commitments payable (see Note 6.4).

Administration and compliance refer to the costs incurred by the Board for items that are covered by Ministerial Directions such as ARCC contributions; insurance; and other expenses relating to general office consumables.

Marketing and communications costs are those related to sustaining and growing visitation during the declared snow season and (as per Ministerial Direction) the promotion and growing visitation at other times of the year (green season). They also relate to collaboration and engagement with stakeholders to create a seamless visitor experience in a manner that is considerate of stakeholder business viability and sustainability.

Utilities and telecommunications costs are those related to electricity and gas supply to assets owned by the Board and public buildings as well as the costs associated with all telecommunications required for the operation of services provided by the Board.

3.2 EXPENSES FROM TRANSACTIONS OTHER THAN EMPLOYEE BENEFITS

	2019	2018
	\$	\$
Contract payments, materials, services		
Contractors (cleaning, transport and general)	1,470,579	1,310,010
Waste services	560,224	572,906
Consumables	385,095	322,854
Consultants	201,408	163,454
Other contract payments, materials, services	842,213	911,813
Total contract payments, materials, services	3,459,519	3,281,037
Administration and compliance		
ARCC contributions	300,400	353,469
Insurance	408,033	400,776
Other administration and compliance	460,473	520,602
Total administration and compliance	1,168,906	1,274,847
Total marketing & communications costs	565,802	527,556
Total utilities & telecommunications costs	491,839	653,438

3.3 LEASES

The Board has applied AASB 16 using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 January 2019, with no restatement of comparative information.

POLICY APPLICABLE BEFORE 1 JANUARY 2019

As a lessee, the Board classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Board.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

POLICY APPLICABLE AFTER 1 JANUARY 2019

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

On transition to AASB 16, the Board elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases.

NOTES TO THE FINANCIAL STATEMENTS

3.3.1 AS A LESSEE

The Board recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate as provided by Treasury Corporation of Victoria (TCV). Generally, the Board uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Board is reasonably certain to exercise, lease payments in an optional renewal period if the Board is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Board is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Board's estimate of the amount expected to be payable under a residual value guarantee, or if the Board changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

PEPPERCORN LEASES

The Board has elected to apply the temporary option available under AASB 16 which allows statutory entities to not measure right of use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

3.3.2 RIGHT OF USE ASSETS

	Property	Vehicles	Other, etc	Total
				\$
Balance at 1 January 2019	1,804,596	281,800	46,065	2,132,461
Additions	-	176,925	-	176,925
Amortisation Charge	(29,457)	(87,897)	(13,161)	(130,516)
Balance at 31 December 2019	1,775,139	370,828	32,903	2,178,870

3.3.3 LEASE LIABILITIES⁽ⁱ⁾

	2019
	\$
Nominal value of total lease commitments	
Less than one year	176,185
One to five years	564,920
More than five years	3,885,145
Total undiscounted lease liabilities as at 31 December 2019	4,626,250
Lease liabilities included in the Statement of Financial Position at 31 December 2019	
Current	66,867
Non-current	2,118,949
Present value of minimum lease payments	2,185,816

Notes: (i) All lease liabilities relate to a Right of Use asset.

Please refer to note 3.3 for amounts recognised in the Comprehensive Operating Statement relating to leases.

SHORT-TERM AND LOW VALUE LEASES

The Board has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than \$10,000), including IT equipment. The Board recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

I. LEASES CLASSIFIED AS OPERATING LEASES UNDER AASB 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Board's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment.

The Board applied this approach to all other leases.

The Board used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

IMPACT ON FINANCIAL STATEMENTS

On transition to AASB 16, the Board recognised an additional \$2,132,461 of right-of-use assets and \$2,132,461 of lease liabilities.

When measuring lease liabilities, the Board discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 2%.

4. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY

INTRODUCTION

The Board controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Board to be utilised for delivery of those activities.

FAIR VALUE MEASUREMENT

Where the assets included in this section are carried at fair value, additional information is disclosed in note 7.3 in connection with how those fair values were determined.

NOTES TO THE FINANCIAL STATEMENTS

4.1 TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Land at fair value	39,403,800	39,403,800	-	-	39,403,800	39,403,800
Buildings at fair value	12,465,349	12,449,273	(1,358,760)	(959,789)	11,106,589	11,489,484
Infrastructure systems at fair value	23,142,920	22,921,972	(2,424,296)	(1,634,750)	20,718,623	21,287,222
Roads at fair value	14,206,905	14,165,127	(1,580,322)	(1,064,641)	12,626,583	13,100,486
Plant, equipment and vehicles at fair value	5,519,614	5,083,063	(3,774,353)	(3,450,412)	1,745,261	1,632,651
Capital works in progress	1,228,246	523,584	-	-	1,228,246	523,584
Total	95,966,833	94,546,819	(9,137,731)	(7,109,592)	86,829,101	87,437,227

Initial recognition: Items of property, plant and equipment, are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The capitalisation threshold is \$1,000.

Subsequent measurement: Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined regarding the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category. During the 2016 Financial Year, all asset categories besides plant, equipment and vehicles were revalued by the Valuer-General Victoria to their fair value.

Note 7.3 includes additional information in connection with fair value determination of infrastructure, property, plant and equipment.

4.2 DEPRECIATION AND AMORTISATION - CHARGE FOR THE PERIOD

	2019	2018
	\$	\$
Buildings at fair value	398,971	396,800
Infrastructure systems at fair value	789,546	782,342
Roads at fair value	515,682	531,679
Plant, equipment and vehicles at fair value	344,774	337,987
Intangible assets	62,733	58,980
Depreciation on Right of Use Assets	130,516	-
Total depreciation and amortisation	2,242,222	2,107,788

All infrastructure assets, buildings, plant and equipment and other non financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

ASSET

USEFUL LIFE: YEARS

Buildings	10 to 60
Infrastructure	10 to 150
Plant, equipment and vehicles (incl. leased assets)	3 to 10
Roads	10 to 150
• Formation	150
• Pavement	80
• Seals	10 to 40

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Impairment: Non-financial assets, including items of infrastructure, property, plant and equipment, are tested for impairment

whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

4.3 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNTS OF PROPERTY, PLANT AND EQUIPMENT

MOVEMENTS IN CARRYING AMOUNTS

	2019	LAND AT FAIR VALUE	BUILDINGS AT FAIR VALUE	INFRASTRUCTURE AT FAIR VALUE	PLANT, EQUIPMENT & VEHICLES AT FAIR VALUE	ROADS AT FAIR VALUE	CAPITAL WORKS IN PROGRESS AT FAIR VALUE	TOTAL
								\$
Opening balance	39,403,800	11,489,484	21,287,222	1,632,651	13,100,486	523,584	87,437,227	
Additions	-	-	-	95,668	26,000	1,433,993	1,555,661	
Disposals	-	-	-	(79,813)	-	-	(79,813)	
Impairment	-	-	-	-	-	-	-	
Transfers	-	16,076	220,948	441,530	15,778	(729,332)	(35,000)	
Revaluation of PPE	-	-	-	-	-	-	-	
Depreciation	-	(398,971)	(789,546)	(344,774)	(515,681)	-	(2,048,973)	
Closing balance	39,403,800	11,106,589	20,718,623	1,745,262	12,626,583	1,228,246	86,829,101	

	2018	LAND AT FAIR VALUE	BUILDINGS AT FAIR VALUE	INFRASTRUCTURE AT FAIR VALUE	PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	ROADS AT FAIR VALUE	CAPITAL WORKS IN PROGRESS AT FAIR VALUE	TOTAL
Opening balance	39,403,800	11,808,020	21,611,423	1,741,295	13,618,829	409,708	88,593,075	
Additions	-	2,098	102,771	94,004	-	712,087	910,960	
Disposals	-	-	-	(18,000)	-	-	(18,000)	
Impairment	-	-	-	-	-	-	-	
Transfers	-	76,166	355,369	153,339	13,336	(598,211)	-	
Revaluation of PPE	-	-	-	-	-	-	-	
Depreciation	-	(396,800)	(782,341)	(337,987)	(531,679)	-	(2,048,807)	
Closing balance	39,403,800	11,489,484	21,287,222	1,632,651	13,100,486	523,584	87,437,227	

NOTES TO THE FINANCIAL STATEMENTS

4.4 INTANGIBLE ASSETS

	2019	2018
	\$	\$
Gross carrying amount		
Opening balance	97,713	156,693
Additions	35,000	-
Amortisation of intangible assets	(62,733)	(58,980)
Closing balance	69,980	97,713

The consumption of intangible assets is included in the 'depreciation and amortisation' line item on the Comprehensive Operating Statement and in note 4.2.

5. OTHER ASSETS AND LIABILITIES

INTRODUCTION

This section sets out those assets and liabilities that arose from the Board's operations.

5.1 RECEIVABLES

	2019	2018
	\$	\$
Current receivables		
Contractual		
Sale of goods and services	957,087	195,654
Allowance for net credit losses	(109)	(17,821)
Accrued revenue	1,085,203	1,472,858
Statutory		
GST input tax credit recoverable	156,115	96,658
Total receivables	2,198,296	1,747,349

Contractual receivables are classified as financial instruments and categorised as 'loans and receivables.' They are initially recognised at fair value plus any directly attributable transaction costs. After initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments.

MOVEMENT IN THE PROVISION FOR DOUBTFUL DEBTS

	2019	2018
	\$	\$
Balance at beginning of the year	(17,821)	(11,500)
Transfer in	17,712	-
Increase in provision recognised in the net result	-	(6,321)
Increase in provision recognised in net result – Contractual receivables	-	-
Balance at end of the year	(109)	(17,821)

The Board applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contractual receivables. This is the first year that this standard has been applied, due to the immaterial effect, prior period figures have not been reinstated. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2019 and the corresponding historical credit losses experienced within this period excluding extraordinary items. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No adjustment has been made to increase the provision recognised in the net result for the 2019 year as there is minimal risk for the current receivables.

5.1.1 AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES

	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED			
			LESS THAN 1 MONTH	1 – 3 MONTHS	3 MONTHS – 1 YEAR	1 – 5 YEARS
						\$
2019						
Sale of goods and services	956,755	178,268	528,828	54,473	182,558	12,628
Accrued revenue	1,085,203	1,085,203	-	-	-	-
Total	2,041,958	1,263,471	528,828	54,473	182,558	12,628
2018						
Sale of goods and services	195,654	33,982	11,074	22,652	81,215	46,731
Accrued revenue	1,472,858	1,472,858	-	-	-	-
Total	1,668,512	1,506,840	11,074	22,652	81,215	46,731

No interest is charged for the first 30 days from the invoice date. Under the *Penalty Interest Rate Act 1983*, interest can be charged at 10% on the outstanding balance for site rent and service charges. Any other kind of receivable does not incur interest, it incurs a late fee of \$15 per month after the first 30 days. Site rent and service charges have credit periods of 30 days, most other receivables sales of goods / services have a credit period of 14 days. There are no material financial assets that are individually determined to be impaired.

Currently the Board does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

NOTES TO THE FINANCIAL STATEMENTS

5.2 PAYABLES

	2019	2018
	\$	\$
Current payables:		
Contractual		
Supplies and services	249,700	315,048
Superannuation payable	88,226	59,325
Other payables	221,855	226,033
Statutory		
GST payable	101,031	103,522
Other taxes payable	155,304	93,830
Total payables	816,116	797,758

Payables consist of:

- **contractual payables** classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Board prior to the end of the financial year that are unpaid; and
- **statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the first 30 days from the date of the invoice. Thereafter, interest is calculated as 2% on the outstanding balance per annum.

The terms and conditions of amounts payable to the government and agencies vary according to the agreements and as they are not legislative payables, they are not classified as financial instruments.

5.2.1 MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

	CARRYING AMOUNT	NOMINAL AMOUNT	MATURITY DATES					
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	5+ YEARS	
2019								\$
Supplies and services	249,700	249,700	219,700	-	-	30,000 ⁽ⁱ⁾	-	
Superannuation payable	88,226	88,226	88,226	-	-	-	-	
Other payables and accruals	221,855	221,855	50,335	171,520	-	-	-	
Total	559,781	559,781	358,261	171,520	-	30,000	-	
2018								
Supplies and services	315,048	315,048	285,048	-	-	30,000 ⁽ⁱ⁾	-	
Superannuation payable	59,325	59,325	59,325	-	-	-	-	
Other payables and accruals	226,033	226,033	113,249	112,784	-	-	-	
Total	600,406	600,406	457,622	112,784	-	30,000	-	

Notes: (ii) This relates to an amount retained in case of early cancellation of a contract due to expire with the amount repaid in May 2022.

Maturity analysis is presented using the contractual undiscounted cash flows.

5.3 INVENTORIES

	2019	2018
	\$	\$
Current inventories		
Diesel at cost	34,839	14,293
Unleaded petrol at cost	7,231	6,255
Total inventories	42,070	20,548

Inventories include goods held for distribution at nominal cost and are measured at the lower of cost and net realisable value, adjusted for any loss of service potential. While fuel is held primarily for the use of the Board, it can be distributed to stakeholders under agreement.

NOTES TO THE FINANCIAL STATEMENTS

5.4 PREPAYMENTS

	2019	2018
	\$	\$
Current other assets		
Prepayments	327,315	332,458
Total other assets	327,315	332,458

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.5 UNEARNED REVENUE

	2019	2018
	\$	\$
Current other liabilities		
Unearned revenue	202,517	286,837
Total unearned revenue	202,517	286,837

Unearned revenue includes funds received in advance of the Board delivering that service or that part of income received made in one accounting period covering a term extending beyond that period.

6. HOW WE FINANCED OUR OPERATIONS

INTRODUCTION

This section provides information on the sources of finance utilised by the Board during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Board.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

6.1 BORROWINGS

	2019	2018
	\$	\$
Current borrowings		
Loan from TCV ⁽ⁱ⁾	187,328	180,210
Total current borrowings	187,328	180,210
Non current borrowings		
Loan from TCV ⁽ⁱ⁾	431,651	618,979
Total non current borrowings	431,651	618,979
Total borrowings	618,979	799,189

Note: (i) Unsecured credit financier loan drawn down in February 2013 for a term of 10 years at a fixed interest rate of 3.9%.

Borrowings refer to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria (TCV).

Borrowings are classified as financial instruments. All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis after initial recognition depends on whether the Board has categorised its interest-bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest-bearing liabilities. The Board determines the classification of its interest-bearing liabilities at initial recognition.

Defaults and breaches: During the current and prior year, there were no defaults and breaches on the loan held.

6.1.1 MATURITY ANALYSIS OF BORROWINGS

	CARRYING AMOUNT	NOMINAL AMOUNT	MATURITY DATES				
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	5+ YEARS
							\$
2019							
Loan from TCV	618,979	618,979	15,335	30,819	141,174	431,651	-
Total	618,979	618,979	15,335	30,819	141,174	431,651	-
2018							
Loan from TCV	799,189	799,189	14,752	29,648	135,810	618,979	-
Total	799,189	799,189	14,752	29,648	135,810	618,979	-

NOTES TO THE FINANCIAL STATEMENTS

6.1.2 INTEREST EXPENSE

	2019	2018
	\$	\$
Interest on TCV Loan	27,826	34,674
Interest on Lease Liability	69,010	-
Total interest expense	96,836	34,674

Interest expense includes costs incurred in connection with the borrowing of funds and includes interest on short term and long term borrowings. Interest expense is recognised in the period in which it is incurred. With the application of AASB 16 in 2019, interest on lease liabilities is also shown and recognised in the period it is incurred.

6.2 REVENUE COMMITMENTS

	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
				\$
2019				
Non-cancellable revenue commitments	1,364,000	4,636,523	25,667,817	31,668,340
Total	1,364,000	4,636,523	25,667,817	31,668,340
2018				
Non-cancellable revenue commitments	1,360,193	4,721,849	26,704,975	32,787,017
Total	1,360,193	4,721,849	26,704,975	32,787,017

Crown land is recorded in the accounts of the Board. The Board has bought to account the rental revenue in relation to the leased sites and does not account for depreciation since the class of asset is defined as land. No adjustments have been made for CPI to these amounts. The Board, acting as a Committee of Management under section 38 of the *Alpine Resorts (Management) Act 1997*, manages 100 Crown lease arrangements with site holders. The lease arrangements cover a variety of lease periods.

6.3 CASH FLOW INFORMATION AND BALANCES

	2019	2018
	\$	\$
Cash at bank	798,315	1,274,795
Cash on hand	5,181	6,398
Term deposit	1,000,000	400,000
Balance as per cash flow statement	1,803,496	1,681,193

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

6.3.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	\$	\$
Net result for the period	94,610	176,435
Non-cash movements:		
Depreciation and amortisation of non-current assets	2,111,707	2,107,788
(Gain)/loss on disposal of non-current assets	25,500	-
Impairment of non-current assets	-	-
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(450,947)	(263,085)
(Increase)/decrease in inventories	(21,522)	17,661
(Increase)/decrease in prepayments	5,143	2,762
Increase/(decrease) in payables	18,359	(14,242)
Increase/(decrease) in unearned revenue	(84,321)	8,283
Increase/(decrease) in provisions	98,386	56,029
(Increase)/decrease in contract assets	(2,155,580)	-
Increase/(decrease) in contract liabilities	2,185,816	-
Net cash flows from/(used in) operating activities	1,827,151	2,091,631

6.4 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

6.4.1 TOTAL COMMITMENTS PAYABLE

NOMINAL AMOUNTS: 2019

	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
				\$
Capital expenditure commitments payable	299,146			299,146
Operating lease commitments payable ⁽ⁱ⁾	242,309	829,953	10,210,785	11,283,047
Other commitments payable ⁽ⁱⁱ⁾	1,342,900	967,357		2,310,256
Total commitments (inclusive of GST)	1,884,355	1,797,310	10,210,785	13,892,450
Less GST recoverable from the Australian Tax Office				(1,262,950)
Total commitments (exclusive of GST)				12,629,500

NOMINAL AMOUNTS: 2018

	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
				\$
Capital expenditure commitments payable	205,943	-	-	205,943
Operating lease commitments payable ⁽ⁱ⁾	177,983	850,042	8,229,094	9,257,119
Other commitments payable ⁽ⁱⁱ⁾	1,718,299	2,332,406	-	4,050,705
Total commitments (inclusive of GST)	2,102,225	3,182,448	8,229,094	13,513,767
Less GST recoverable from the Australian Tax Office				(1,228,524)
Total commitments (exclusive of GST)				12,285,243

Notes: (i) Subleases in relation to occupancy of the boardroom, childcare, gymnasium, public amenities and visitors' information hub within the St Falls development. The sub-leases cover all rental, outgoings and operating expenses for the remaining term of 61 years. Other operating lease commitments payable include gym equipment, office equipment and vehicles where the contracts do not allow for purchase of the items upon lease expiry. This is the cashflow portion, with the leases being treated under AASB 16 Leases from 1 January 2019. This impact is included within Note 3.3.

(ii) Service contracts for Transport, Waste and Cleaning Services, event sponsorships, parking infringements processing, software licencing and land release and development expressions of interest.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Board's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

From 1 January 2018, the Board applies AASB 9 Financial Instruments and classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms. AASB 9 replaced AASB 139 Financial Instruments: Recognition and Measurement.

The 2018 financial report was not prepared based on AASB 9, but on AASB 139. The comparative figures (2018) in the 2019 report have not been restated to reflect AASB 9. No further disclosures related to the restatement have been made, as there has been no impact on the figures disclosed on the comprehensive operating statement or balance sheet.

Categories of financial asset under AASB 9

- Financial assets at amortised cost
- Financial assets at fair value

The Board has classified all financial assets as 'Financial assets at amortised cost' under AASB 9

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Board recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);

Categories of financial assets that existed previously under AASB 139

- Loan and receivables
- Held-to-maturity
- Held-for-trading
- Available-for-sale

The Board had classified all financial assets as 'Loans and receivables' under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Board recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables)

Categories of financial liabilities under AASB 9

- Financial liabilities at amortised cost
- Financial liabilities at fair value

The Board has classified all financial liabilities as 'financial liabilities at amortised cost'

Financial liabilities at amortised cost are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference in initial recognition and redemption value being recognised in the net result over the period of the interest bearing liability using the effective interest rate method. The Board recognises the following liabilities in this category: and

- payables (excluding statutory payables)
- borrowings

Categories of financial liability previously under AASB 139

- Financial liabilities at amortised cost
- Financial liabilities through profit and loss

The Board had classified all financial liabilities as 'Financial liabilities at amortised cost' under AASB 139

The recognition and measurement of the financial liabilities at amortised cost is identical under AASB 9 and AASB 139.

NOTES TO THE FINANCIAL STATEMENTS

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

	FINANCIAL ASSETS – LOANS AND RECEIVABLES AND CASH	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
2019			
Contractual financial assets			
Cash and deposits	1,803,496	-	1,803,496
Receivables⁽ⁱ⁾			
Sale of goods and services	956,755	-	956,755
Accrued revenue	1,085,203	-	1,085,203
Total contractual financial assets	3,845,454	-	3,845,454
Contractual financial liabilities			
Payables⁽ⁱ⁾			
Supplies and services	-	249,700	249,700
Superannuation payable	-	88,226	88,226
Other payables	-	221,855	221,855
Unearned revenue	-	202,517	202,517
Borrowings			
Loans from TCV	-	618,979	618,979
Total contractual financial liabilities	-	1,381,277	1,381,277

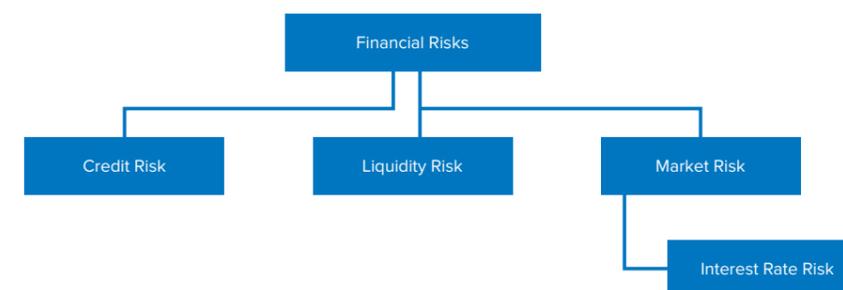
Notes: (i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable and taxes payable).

	FINANCIAL ASSETS – LOANS AND RECEIVABLES AND CASH	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
2018			
Contractual financial assets			
Cash and deposits	1,681,193	-	1,681,193
Receivables⁽ⁱ⁾			
Sale of goods and services	195,654	-	195,654
Accrued revenue	1,472,858	-	1,472,858
Total contractual financial assets	3,349,705	-	3,349,705
Contractual financial liabilities			
Payables⁽ⁱ⁾			
Supplies and services	-	315,048	315,048
Superannuation payable	-	59,325	59,325
Other payables	-	226,033	226,033
Unearned revenue	-	286,837	286,837
Borrowings			
Loans from TCV	-	799,189	799,189
Total contractual financial liabilities	-	1,686,432	1,686,432

Notes: (i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable and taxes payable).

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board is exposed to many financial risks, including:



As a whole, the Board's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.2.

The main purpose in holding financial instruments is to prudentially manage the Board's financial risks within the government policy parameters.

The Board uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Finance, Risk and Audit Committee of the Board.

7.1.2.1 FINANCIAL INSTRUMENTS: CREDIT RISK

Credit risk refers to the possibility that a site holder will default on its financial obligations as and when they fall due. The Board's exposure to credit risk arises from the potential default of a counterparty on their contractual obligations resulting in financial loss to the Board. Credit risk is measured at fair value and is monitored on a regular basis. The Board makes every attempt to communicate with site holders regarding any overdue financial obligations. As discussed in note 5.1, interest is not charged on the first 30 days after the invoice date. Board policies are in place to ensure that sufficient communication is undertaken with site holders via various methods and communicated back to management in a timely manner. Any payment plans entered into are discussed with the Director Corporate Services and Chief Executive Officer and placed in writing.

In addition, the Board does not engage in hedging for its contractual financial assets and mainly obtains contractual

financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. The Board's policy is to only deal with banks with high credit ratings.

Provision of doubtful debts for contractual financial assets is recognised when there is objective evidence that the Board will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 90 days overdue.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Board's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Board's credit risk profile in 2019.

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED⁽ⁱ⁾

	FINANCIAL INSTITUTIONS	GOVERNMENT AGENCIES	OTHER	TOTAL
\$				
2019				
Cash and deposits	795,551	1,000,000	7,946	1,803,496
Receivables ⁽ⁱ⁾	-	16,500	940,255	956,755
Accrued revenue	-	-	1,085,203	1,085,203
Total contractual financial assets	795,551	1,016,500	2,033,404	3,845,454
2018				
Cash and deposits	1,274,795	400,000	6,398	1,681,193
Receivables ⁽ⁱ⁾	-	7,578	188,076	195,654
Accrued revenue	-	-	1,472,858	1,472,858
Total contractual financial assets	1,274,795	407,578	1,667,332	3,349,705

Notes: (i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable).

NOTES TO THE FINANCIAL STATEMENTS

7.1.2.2 FINANCIAL INSTRUMENTS: LIQUIDITY RISK

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Board operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Board is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The Board manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Board's exposure to liquidity risk has decreased from prior period's data and current assessment of risk. Rigid financial management systems including cashflow analysis and control have improved both cashflow and liquidity integrity of the Board.

The carrying amount detailed in the table at 5.2.1 of contractual financial liabilities recorded in the financial statements represents the Board's maximum exposure to liquidity risk.

7.1.2.3 FINANCIAL INSTRUMENTS: MARKET RISK

The Board's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

SENSITIVITY DISCLOSURE ANALYSIS AND ASSUMPTIONS

The Board's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The Board's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 100 basis points up and down in market interest rates is 'reasonably possible' over the next 12 months. The following table shows the impact on the Board's net result and equity for each category of financial instrument held by the Board at the end of the reporting period as presented to key management personnel, if the above movement were to occur.

INTEREST RATE RISK

The Board does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rates.

The Board manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rates. Management has concluded for cash at bank, as financial assets that can be left at floating rates without necessarily exposing the Board to significant bad risk, management monitors movement in interest rates daily.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and interest rate risk are set out in the table that follows.

Interest rate risk sensitivity is conducted on plus and minus 100 basis points and the impact of this on the net result. For the 2019 year, this would have a positive or negative impact on the net result of \$18,035 (2018: \$16,812).

7.1.2.3 FINANCIAL INSTRUMENTS: MARKET RISK (CONTINUED)

INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS

	WEIGHTED AVERAGE INTEREST RATE %	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
2019		\$		\$	
Financial assets					
Cash and deposits	1.09%	1,803,496	1,000,000	-	803,496
Receivables (i)					
Sale of goods and services		956,755	-	-	956,755
Accrued revenue		1,085,203	-	-	1,085,203
Total financial assets		3,845,454	1,000,000		2,845,454
Financial liabilities					
Payables (i)					
Supplies and services		249,700	-	-	249,700
Superannuation payable		88,226	-	-	88,226
Other payables		221,855	-	-	221,855
Unearned revenue		202,517	-	-	202,517
Borrowings					
Loan from TCV	3.90%	618,979	618,979	-	-
Total financial liabilities		1,381,277	618,979		762,298
2018					
Financial assets					
Cash and deposits	1.91%	1,681,193	400,000	-	1,281,193
Receivables (i)					
Sale of goods and services		195,654	-	-	195,654
Accrued revenue		1,472,858	-	-	1,472,858
Total financial assets		3,349,705	400,000		2,949,705
Financial liabilities					
Payables (i)					
Supplies and services		315,048	-	-	315,048
Superannuation payable		59,325	-	-	59,325
Other payables		226,033	-	-	226,033
Unearned revenue		286,837	-	-	286,837
Borrowings					
Loan from TCV	3.90%	799,189	799,189	-	-
Total financial liabilities		1,686,432	799,189		887,243

Notes: (i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable).

NOTES TO THE FINANCIAL STATEMENTS

7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. The Board is not aware of any material threat or existing legal actions or other contingencies between Falls Creek Alpine Resort Management Board and third parties as at 31

December 2019. In 2019 there were no contingent assets and one non-quantifiable contingent liability. The contingent liability is an outstanding insurance claim at balance date, which may result in legal proceedings to determine liability. At balance date, the Board is unable to reliably measure outstanding insurance claims.

7.3 FAIR VALUE DETERMINATION

SIGNIFICANT JUDGEMENT: FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Board.

This section sets out information on how the Board determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through operating result; and
- Land, buildings, infrastructure, plant and equipment.

In addition, the fair values of other assets and liabilities which are carried at amortised cost, also need to be determined for disclosure purposes.

The Board determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

FAIR VALUE HIERARCHY

In determining fair values, several inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Board determines whether transfers have occurred between

levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

HOW THIS SECTION IS STRUCTURED

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer Note 7.3.1) and non-financial physical assets (refer 7.3.2)

7.3.1 FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and

- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Board currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019 reporting period.

These financial instruments include:

FINANCIAL ASSETS	FINANCIAL LIABILITIES
Cash and deposits Receivables: <ul style="list-style-type: none"> • Sale of goods and services • Accrued investment income • Other receivables Investments and other contractual financial assets	Payables: <ul style="list-style-type: none"> • For supplies and services • Amounts payable to government and agencies • Other payables Borrowings: <ul style="list-style-type: none"> • Loan from TCV

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference. For financial assets and liabilities, the carrying amount is the same as fair value.

NOTES TO THE FINANCIAL STATEMENTS

7.3.2 FAIR VALUE DETERMINATION: NON-FINANCIAL PHYSICAL ASSETS FAIR VALUE MEASUREMENT HIERARCHY

2019	CARRYING AMOUNT AS AT 31 DECEMBER 2019	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1	LEVEL 2 ⁽ⁱ⁾	LEVEL 3 ⁽ⁱ⁾
				\$
Land at fair value:				
Specialised land	39,403,800	-	-	39,403,800
Total land at fair value	39,403,800	-	-	39,403,800
Buildings at fair value:				
Specialised buildings	11,106,589	-	-	11,106,589
Total buildings at fair value	11,106,589	-	-	11,106,589
Plant, equipment and vehicles at fair value:				
Plant, equipment and vehicles	1,745,261	-	-	1,745,261
Total plant, equipment and vehicles at fair value	1,745,261	-	-	1,745,261
Infrastructure at fair value:				
Infrastructure systems	20,718,623	-	-	20,718,623
Roads	12,626,583	-	-	12,626,583
Total infrastructure at fair value	33,345,206	-	-	33,345,206

2018	CARRYING AMOUNT AS AT 31 DECEMBER 2018	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1	LEVEL 2 ⁽ⁱ⁾	LEVEL 3 ⁽ⁱ⁾
Land at fair value:			w	
Specialised land	39,403,800	-	-	39,403,800
Total land at fair value	39,403,800	-	-	39,403,800
Buildings at fair value:				
Specialised buildings	11,489,484	-	-	11,489,484
Total buildings at fair value	11,489,484	-	-	11,489,484
Plant, equipment and vehicles at fair value:				
Plant, equipment and vehicles	1,632,651	-	-	1,632,651
Total plant, equipment and vehicles at fair value	1,632,651	-	-	1,632,651
Infrastructure at fair value:				
Infrastructure systems	21,287,222	-	-	21,287,222
Roads	13,100,486	-	-	13,100,486
Total infrastructure at fair value	34,387,708	-	-	34,387,708

Notes: (i) Leased land assets to the value of \$38,691,800 have been reclassified from level 2 as disclosed in the 2017 financial statements, to level 3. This is based on updated information identifying that a discount factor is applied to the value of these assets, being a significant unobservable input.

SPECIALISED LAND AND BUILDINGS

Fair value for leased land classified as level 3 is determined by adopting the site value for each leased site then calculating the present value of the income combined with the reversion value of the site at the expiration of the current site lease term. A further discount is applied to this valuation to reflect the valuers best estimate for the current conditions, expectations of activity and risks in respect to these leased land assets.

Specialised buildings are valued using the depreciated replacement cost method, adjusting for the associated depreciations. As depreciation adjustments are observable in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of specialised land and buildings was performed by the Valuer-General Victoria (VGV). The effective date of the valuation is 31 December 2016. There were no changes to the valuation during 2019.

INFRASTRUCTURE

Infrastructure assets, including road infrastructure, are valued using the depreciated replacement cost method. This cost represents

the replacement cost of the building/component after applying depreciation rates on a useful life basis.

Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

An independent valuation of the Board's infrastructure assets was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement costs of the assets. The effective date of the valuation is 31 December 2016. There were no changes to the valuation during 2019.

PLANT AND EQUIPMENT

Plant and equipment are held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using depreciated cost method.

There were no changes in valuation techniques throughout the period to 31 December 2019.

For assets measured at fair value, the current use is considered the highest and best use.

RECONCILIATION OF LEVEL 3 FAIR VALUE

2019	SPECIALISED LAND	SPECIALISED BUILDINGS	PLANT, EQUIPMENT AND VEHICLES	INFRASTRUCTURE SYSTEMS	ROADS
Opening balance	39,403,800	11,489,484	1,632,651	21,287,222	13,100,486
Additions and transfers	-	16,076	537,198	220,948	41,778
Disposals	-	-	(79,813)	-	-
Impairment	-	-	-	-	-
Depreciation	-	(398,971)	(344,774)	(789,546)	(515,681)
Closing balance	39,403,800	11,106,589	1,745,262	20,718,624	12,626,583

2018	SPECIALISED LAND	SPECIALISED BUILDINGS	PLANT, EQUIPMENT AND VEHICLES	INFRASTRUCTURE SYSTEMS	ROADS
Opening balance	39,403,800	11,808,020	1,741,295	21,611,423	13,618,829
Additions	-	78,263	247,344	458,140	13,336
Disposals	-	-	(18,000)	-	-
Impairment	-	-	-	-	-
Depreciation	-	(396,800)	(337,987)	(782,341)	(531,679)
Closing balance	39,403,800	11,489,484	1,632,651	21,287,222	13,100,486

NOTES TO THE FINANCIAL STATEMENTS

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS
Specialised land	Income approach	Community Service Obligation Adjustment (CSO)
Specialised buildings	Depreciated replacement cost	Replacement cost per square metre Useful life of specialised buildings
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Infrastructure	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Roads	Depreciated replacement cost	Cost per metre Useful life of plant and equipment

8. OTHER DISCLOSURES

INTRODUCTION

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

8.1 EX-GRATIA EXPENSES

There were no ex-gratia expenses paid during the financial year ended 31 December 2019 (2018: \$Nil).

8.2 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave and annual leave liability due to changes in the bond interest rates.

In 2019, the Board sold assets at market value that were no longer in use or were replaced, totalling \$23,182 (2018: \$Nil).

8.3 NON-FINANCIAL ASSETS HELD FOR SALE

There were no assets held for sale as at 31 December 2019 (2018: \$Nil).

8.4 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period:

NAMES

The person who held the position of Minister is as follows:

Minister for Energy, Environment and Climate Change

The Hon Lily D'Ambrosio MP (1 January 2019 to 31 December 2019)

The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported within the Department of Parliamentary Services' Financial Report.

The persons who held the positions of Responsible Officers in the Board are as follows:

NAME	POSITION	PERIOD
Jo Shannon	Board Chair	(1 January 2019 to 31 December 2019)
Lindy Allen	Deputy Chair	(1 January 2019 to 31 December 2019)
Sue Lebish	Board Member	(1 January 2019 to 31 December 2019)
Jason Alexandra	Board Member	(1 January 2019 to 31 December 2019)
Michelle Croughan	Board Member	(1 January 2019 to 31 December 2019)
Helen Moran	Board Member	(1 January 2019 to 31 December 2019)
Peter Valerio	Board Member	(1 January 2019 to 31 December 2019)
Stuart Smythe	CEO & Accountable Officer	(1 January 2019 to 31 December 2019)

Remuneration received or receivable by the responsible persons in connection with the management of the Board during the reporting period was \$346,770 (2018: \$331,888).

The number of responsible persons and their total remuneration during the reporting period are shown in the table below in their relevant income bands.

INCOME BANDS	TOTAL REMUNERATION	
	2019	2018
	\$	\$
\$0-\$9,999	2	3
\$10,000-\$19,999	5	5
\$260,000-\$269,999	1	1
Total number of responsible persons	8	9
Total remuneration	\$346,770	\$331,888

NOTES TO THE FINANCIAL STATEMENTS

8.5 REMUNERATION OF EXECUTIVES

The remuneration of the executive officers including superannuation shows the total annualised employee equivalents providing a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable

on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

No termination benefits or shared-based payments were paid to executive officers throughout the 2019 Financial Year.

REMUNERATION	TOTAL REMUNERATION	
	2019	2018
	\$	\$
Short-term employee benefits	\$563,333	\$565,764
Post-employment benefits	\$53,517	\$53,517
Other long-term benefits	\$14,083	\$14,083
Total remuneration	\$630,933	\$633,364
Total number of executives	4	4
Total annualised employee equivalents⁽ⁱ⁾	4	4

Notes: (ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period

8.6 RELATED PARTIES

AASB 124 – *Related Party Disclosures* requires specific disclosures around related party transactions for the 2019 financial year. The following disclosures are in-line with the AASB requirements.

The Board is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Board include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all departments and public-sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered on an arm's length basis.

SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

The Board paid to the Department of Environment Land, Water & Planning (DELWP) \$12,069 for site valuations and planning permits. The Board has a 10-year fixed rate loan with TCV, with repayments of \$208,036 during the year, further information on this loan can

be found in note 6.1. The Board also utilise TCV for term deposits during 2019, with interest received of \$6,190.

The Board were invoiced an amount from Alpine Resorts Coordinating Council (ARCC) of \$278,920 for operational and marketing contributions (2018: \$331,769). An amount of \$147,624 included in the above figure was paid during February 2020 for the 2019 year.

During the year, the Board had government-related entity transactions related to the reimbursement of shared costs for legal advice, training expenses, and purchase of sensing cameras with Mt Buller Mt Stirling (ARMB); and Mt Hotham (ARMB). The Board also shared employee benefits expenses for the common Board Members under the new Board Structure with Mt Hotham (ARMB). Grant income was also received for joint grant applications with Mt Hotham (ARMB).

Key management personnel of the Board include the Portfolio Minister, Board members and the Accountable Officer. The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* is reported within the Department of Parliamentary Services' Financial Report.

	2019	2018
	\$	\$
COMPENSATION OF KMPS		
Short-term benefits	\$311,557	\$298,154
Post-employment benefits	\$29,598	\$28,229
Other long-term benefits	\$5,615	\$5,505
Total	\$346,770	\$331,888

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND OTHER RELATED PARTIES

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public-Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Board, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

NOTES TO THE FINANCIAL STATEMENTS

8.7 REMUNERATION OF AUDITORS

	2019	2018
	\$	\$
Victorian Auditor General's Office		
Audit or review of the financial statements	51,300	50,000
HLB Mann Judd		
Internal Audit	-	12,851
Crowe Horwath		
Internal Audit	33,675	-
Total remuneration of auditors	84,975	62,851

8.8 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

The following Australian Accounting Standards (AASs) become effective for reporting periods commencing after the operative dates stated:

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 31 December 2019 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Board of their applicability and early adoption where applicable.

NOTES TO THE FINANCIAL STATEMENTS

8.9 GLOSSARY OF TECHNICAL TERMS

The following is a summary of the major technical terms used in this report.

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Borrowings refers to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that are acquired for policy purposes.

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, and public transport assets owned by the State.

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

Leases are rights to use an asset for an agreed period in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Net operating balance or net result from transactions is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also 'net result'.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

Payables include short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Receivables include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Department.

Transactions are those economic flows that are considered to arise because of policy decisions, usually an interaction between two entities by agreement. They also include flows into an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Government.

8.10 STYLE CONVENTIONS

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx)	negative numbers
201x	year period
201x 201x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2018-19 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Board's annual report.

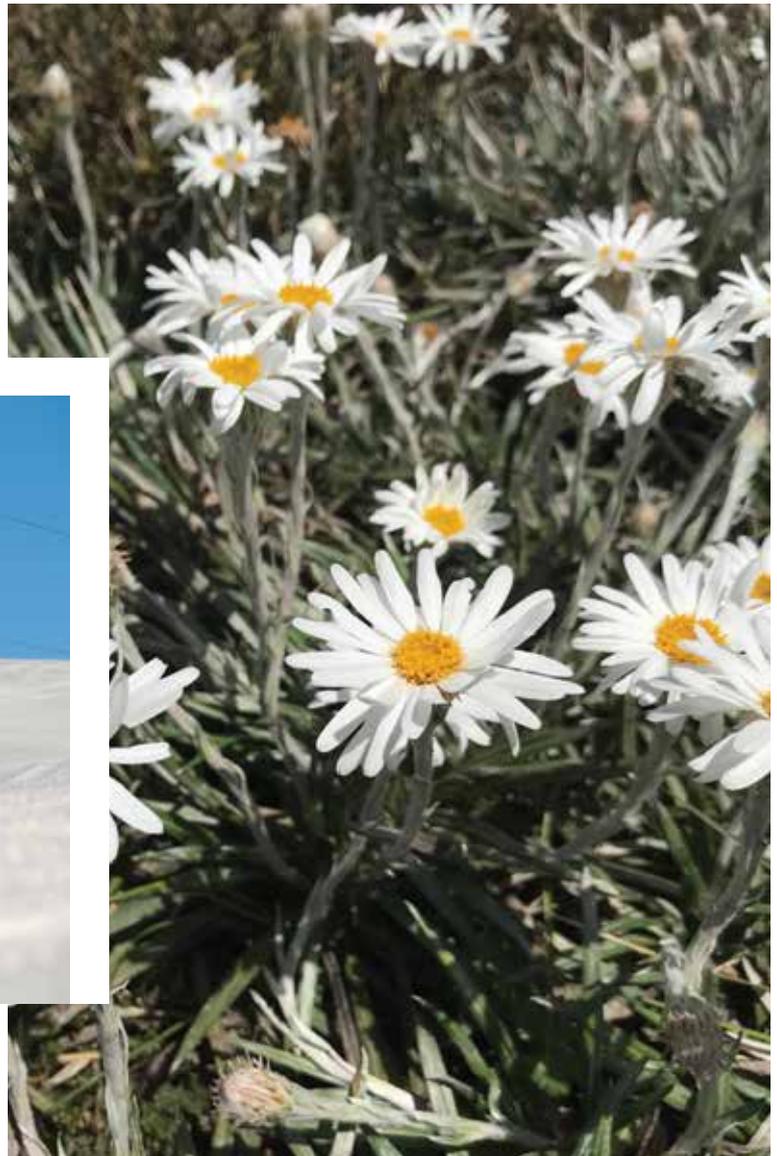


DISCLOSURE INDEX

The Annual Report of the Falls Creek Alpine Resort Management Board is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

DISCLOSURE REQUIREMENT	PAGE
ACCOUNTABLE OFFICER'S DECLARATION	
SD 5.2 Sign off requirements	47
CHARTER AND PURPOSE	
FRD 22H Objectives, functions, powers and duties	8-10, 40-43
FRD 22H Manner of establishment and responsible Minister	8
FRD 22H Nature and range of services provided	40
FINANCIAL INFORMATION	
FRD 22H Operational and budgetary objectives and performance against objectives	12-13
FRD 22H Summary of the financial results	13
FRD 22H Major changes or factors affecting performance	12-13
FRD 22H Subsequent events	43, 54
FRD 22H Significant changes in financial position during the year	12-13
GOVERNANCE AND ORGANISATIONAL STRUCTURE	
FRD 22H Organisational structure	30
FRD 22H Occupational health and safety	36-37
FRD 22H Employment and conduct principles	10, 42-43
FRD 29C Workforce Data disclosures	38
FRD 15E Executive officer disclosures	85-87
OTHER INFORMATION	
FRD 10A Disclosure index	92
FRD 25D Local Jobs First - Victorian Industry Participation Policy disclosures	42
FRD 22H Details of consultancies in excess of \$10,000	44
FRD 22H Details of consultancies under \$10,000	44
FRD 12B Disclosure of major contracts	42
FRD 22H Application and operation of <i>Freedom of Information Act 1982</i>	41, 43
FRD 22H Compliance with building and maintenance provisions of <i>Building Act 1993</i>	41
FRD 22H Statement on Competitive Neutrality Policy	42
FRD 22H Application and operation of the <i>Protected Disclosure Act 2012</i>	42
FRD 24D Reporting of office-based environmental impacts	26-29
FRD 22H Statement of availability of other information	43
SD 5.1.4 Financial Management Compliance attestation	45
FRD 22H General and specific information requirements	1-94
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1994	
SD 5.2 Model Financial Reporting	46-90
SD 5.2 Comprehensive Operating Statement	50
SD 5.2 Balance Sheet	51
SD 5.2 Cash Flow Statement	52
SD 5.2 Statement of Changes in Equity	53
SD 5.2 Accountable Officers' Declaration	47
SD 5.2 Compliance with Australian Standards and other authoritative pronouncements	54
SD 5.2 Compliance with Ministerial Directions	45, 47
SD 5.2 Rounding of amounts	54, 90
LEGISLATION	
<i>Alpine Resorts (Management) Act 1997</i>	8, 40-41, 54, 56, 72
<i>Financial Management Act 1994</i>	41, 45, 47, 54, 85
PRINT AND DESIGN	
FRD 30D Standard requirements for the publication of annual reports	1-94
Acronyms: FRD – Financial Reporting Direction; SD – Standing Direction	





FALLS CREEK ALPINE RESORT MANAGEMENT BOARD

PO Box 50, Falls Creek
Victoria, 3699 Australia

Phone: +61 3 5758 1200

www.fallscreek.com.au